



Profiles of medium sized cities in the Baltic Sea region
medium sized cities in dialogue around the Baltic Sea. An Interreg III B project

Boje Groth, Niels; Smidt-Jensen, Søren; Kanninen, Vesa; van Well, Lisa

Publication date:
2005

Document version
Publisher's PDF, also known as Version of record

Citation for published version (APA):

Boje Groth, N., Smidt-Jensen, S., Kanninen, V., & van Well, L. (2005). *Profiles of medium sized cities in the Baltic Sea region: medium sized cities in dialogue around the Baltic Sea. An Interreg III B project*. Center for Skov, Landskab og Planlægning/Københavns Universitet.

Profiles of Medium Sized Cities in the Baltic Sea Region



Medium Sized Cities in Dialog around the Baltic Sea. An Interreg III B project.

Title

Profiles of Medium Sized Cities in the Baltic Sea Region

Editorial team

Niels Boje Groth (project coordinator), Søren Smidt-Jensen, Vesa Kanninen and Lisa van Well
Tomas Hanell and Jörg Neubauer, Nordregio has produced the maps and the statistical indicators.
Sub editor: Lisbeth Greve Harbo

Publisher

Danish Centre for Forest, Landscape and Planning, KVL

Maps and statistical indicators

Nordregio. Patrik Tornberg is the author of *MECIBS Urban Profiles - a BSR overview*

Dtp

Graphic Design: Jan Gralle
Desktop Publishing: Inger Grønkjær Ulrich

Copy editing

Steven Sampson, Lisa van Well and Jon Jay Neufeld

Citation

Niels Boje Groth, Søren-Smidt Jensen, Vesa Kanninen and Lisa van Well (eds) (2005):
Profiles of medium sized cities in the Baltic Sea Region,
Danish Centre for Forest, Landscape and Planning, Frederiksberg, 2005. 138 p. ill.

ISBN

87-7903-221-4

Press

Prinfo - Handelstrykkeriet Aalborg, Denmark

Copies

1.400

Front page photo

Nyköbing Municipality ©

Reproduction, copy or transmission is permitted for non-business purposes, with due reference.

The publication can be downloaded and ordered from www.SL.kvl.dk and www.mecibs.dk



Table of content

Preface	4
Introduction	6
MECIBS - Project information	13
MECIBS partners	13
Representatives	16
Urban profiles	
Jüterbog	19
Nakskov	25
Randers	31
Herning, Ikast & Brande	37
Nyköping	43
Norrtälje	49
Salo	55
Kokkola	63
Lappeenranta	71
Sortavala	79
Vyborg	85
Kronhstadt	91
Pskov	95
Sillamäe	99
Kuldiga	105
Valka	111
Bauska	117
Chojnice	123
MECIBS Urban Profiles - a BSR overview	129

Preface

Profiles of Medium Sized Cities in the Baltic Sea Region portrays 18 medium-sized cities and presents new comparative statistical data on demographic and economic trends of those BSR cities with above 10.000 inhabitants.

The book facilitates a process of mutual learning between cities that increasingly resemble each other due to common challenges of globalisation and the regional integration facilitated by the reopening of the Baltic Sea.

The profiles focus upon urban transition. Representatives of the cities portrayed and a group of expert researchers met for a series of six conferences during the period 2002 – 2005 plus additional seminars and visits to the cities to exchange experiences, to examine urban transition and to discuss how to handle the changes of the life, economy and identity of cities.

The conferences, meetings and studies were organised within the framework of the Interreg IIIB project *Medium Sized Cities in Dialogue around the Baltic Sea (MECIBS)* and was financed by the partners and the Interreg IIIB Baltic Sea Programme. Supplementary funding was provided by the Danish ministry of Foreign Affairs (*Baltic Sea Project Facility Programme*) and the Danish *Organisation for International Co-operation*.

The cities are presented within a common framework so as to facilitate a comparative reading

of the profiles. Focus is on the development and performance of the cities during the 1990s. The 18 urban profiles are supplemented by a more general portrait of demographic and economic trends of urban development in the Baltic Sea Region. The final project report and a number of thematic folders present various aspects of urban transition of these cities.

We hope that these urban profiles will not only stimulate interest in urban development among decision-makers, politicians and the general public in these cities, but also shed light on the challenges facing medium-sized cities in the coming years.

May 2005

Niels Boje Groth
Danish Centre for Forest, Landscape and Planning, KVL
(Lead partner)
Project coordinator

Steffen Røntorp
Chief executive
Municipality of Randers, Denmark
Member of the steering group

Olga Kareva
Chief of Dep. for Foreign Economic Relations
Municipality of Vyborg Region, Russia
Associate member of the steering group

Introduction

Background

During the 1990s, urban development in the Baltic Sea Region showed a pronounced tendency towards concentration within the largest cities in all the countries of the region. In demographic terms the overall picture varied due to specific circumstances in some countries, e.g. re-privatisation of landownership in the Baltic States, migration from eastern to western Germany and emigration of Russian families from the Baltic States. Despite these varied situations, there was a general tendency towards concentration in economic and functional terms. This echoes one of the findings of an earlier Interreg IIC project, *Urban Systems and Urban Networking in the Baltic Sea Region (USUN)*, as shown in the table below.

Economic concentration				
% of national national totals	Population	GDP	Employment	
			Total	Service sector
Capital or largest national BSR city	1998	1997	1997	1997
Berlin	28	28	28	31
Copenhagen	34	40	34	39
Oslo	22	31	26	31
Stockholm	20	26	22	26
Helsinki	25	35	29	35
St. Petersburg	44	54	49	52
Tallinn	37	58	41	49
Riga	37	56	44	53
Vilnius	24	29	26	33
Minsk	32	n/a	33	32
Warsaw	13	18	14	16

All the capitals or largest national BSR cities show shares of GDP and employment (especially within the service sector) that are higher than their proportionate shares of population. Thus, the large BSR cities take the lion's share of national economic development. In the USUN project, these findings were re-enforced by parallel findings of concentration of foreign direct investments in the Baltic states.

Medium sized cities

Many of the small- and medium-sized cities lying outside the largest city regions are lagging behind. Further, many medium-sized cities suffer from restructuring of their basic urban functions, due to globalisation processes, deindustrialisation and national reforms such as closing of military bases and withdrawal of Russian forces. Most vulnerable are cities characterised by a one-sided industrial production. These cities could risk deterioration of the economic base if just one or a few dominant firms close down.

The USUN project also revealed instances of second-order cities that were especially active in strategic networking with other cities of the same kind. Such instances were found within the area of university cooperation and within urban cooperation on e.g. internationally funded projects.

MECIBS

Thus, the one-sided image of vulnerable medium-sized cities at the mercy of globalisation and economic concentration was offset by indicators showing that the second- order medium-sized cities

were able to respond actively to the challenges of globalisation.

This was the background for starting up a new project in the Baltic Sea Region focusing upon the medium-sized cities, the challenges they meet and their ability to generate strategic responses.

A project like this had to take the cities as its point of departure. Thus, in all the countries around the Baltic Sea, cities were invited to take part in a dialogue on urban transition and urban strategies.

The project, *Medium Sized Cities in dialogue around the Baltic Sea Region (MECIBS)*, received financial support from the EU within the framework of the Interreg IIIB Baltic Sea Region. Also, funding was sought from the Phare and TACIS programmes, but were unsuccessful. However, contacts with the East BSR partners were sustained and facilitated by the Danish Ministry of Foreign Affairs (*Baltic Sea Project Facility*) programme and by the Danish *Organisation for International Co-operation*.

A unique co-operation between researchers and cities was established, spanning the geographic borders of eight countries and professional borders between research and practice.

The BSR and the national perspectives

Population changes show pronounced differences between the eastern and western BSR countries. Thus, from 1995 to 2001, the population increased 1 – 2 % in the western countries, while decreasing by about 4 % in the St. Petersburg region, Estonia and

Latvia. In Poland, the population remained unchanged.

Trends of de-industrialisation are observable throughout the BSR. Thus, employment in manufacturing and construction decreased from about 29% to 26% from 1995 to 2001.

The city perspective

At the level of the city, deindustrialisation is not typical in all cities. Unfortunately, only statistics at city level are available from Chojnice and from eight western BSR cities. In six cities, employment within manufacturing and construction decreased, while increasing in three cities. The cities experiencing the most pronounced increase in employment within manufacturing and construction are Kokkola and Herning, both of which are centres of important national clusters within the chemistry and textile industries, respectively. In line with these observations, it is argued, that the core strategic issues of cities located in economic self-sustaining regions are to take part in processes of modernising local clusters.

Most of the cities from which employment data are available are characterised by a higher share of employment within manufacturing and construction as compared with the national average. Only Nyköping shows a lower – however much lower – employment rate within manufacturing and construction. This partly has to do with the fact that deindustrialisation took place in Nyköping several years ago. In addition, the low rate of employment in the secondary sector has been influenced by the

former presence of the military base and the position of Nyköping as a regional administrative centre.

Three cities, Salo, Randers and Chojnice, show very high employment figures within manufacturing and construction. High employment in Chojnice is probably due to a more general urban phenomenon in a country still endowed with a large primary sector. Randers achieved its large share of industrial employment several years ago. Several large industrial companies have closed down in the city. However, the symbolic impression of decline has been compensated by a continuously increased ranking over the last five years of cities facilitating new start-up of companies. In 2005, Randers was ranked as the second best business growth climate in Denmark.

The high share of industrial employment in Salo – twice the national average – is due mainly to the investments in the 1990s by Nokia Mobile Phone, Ltd. Salo has thus become a regional industrial centre attracting a large surplus of commuters even from the regional capital Turku.

The regional perspective

From a regional perspective, the general trends and forces of globalisation and deindustrialisation are having varied impacts – requiring varied strategic responses - in different kinds of regions. In the project, three kinds of regional settings for the medium-sized cities are identified: the metropolitan hinterland, the self-sustaining regions and the peripheral regions. These settings are shown below.

Metropolitan regions

In metropolitan regions, the scope of urban development is open and optional. This is due to the fact that cities in the hinterland of large national or regional capitals are becoming integrated within the labour markets of the national or regional capital cities. The development perspective is optional to these cities since they may play new roles in the urban system: on the one hand they are centres of their own; on the other hand they are becoming »metropolitan suburbs«. Several options are open, as is the question of their role and identity. If the cities suffer from de-industrialisation and hence lose their role as industrial cities, they might compensate by embracing a number of new urban functions such as housing, culture and sport and new kinds of businesses serving the metropolitan housing, culture or labour markets. MECIBS cities in this position are Randers, Nyköping and Norrtälje, and in its own way Salo.

Randers and Nyköping have expended great efforts

Regional Setting	Scope	Identity	Strategies
Metropolitan region	Optional	Changing	Sub-urbanisation Joining the event economy
Independent region	Focused	Clarifying	Modernising economy Specialising economy / clusters
Peripheral region	Restricted	Renewing	Restoring impacts of change

in city branding and regional oriented housing strategies. Nyköping and Norrtälje have established education campuses in cooperation with universities. Rather than being integrated into the labour market of the regional capital Turku, Salo is considering how to establish closer relations with Helsinki and Turku based on the city's strong position as a centre of industrial development.

Self-sustaining regions

To call regions »self-sustaining« is somewhat of an exaggeration. However, we use the term to denote regions outside the national core areas that have developed an economy of their own, e.g. regions supporting a resource-based economy or hosting one or a few clusters.

Cities in self-sustaining regions tend to focus upon the transition of the economic base of the city and the region. Commonly, such regions tend to meet the challenges of globalisation by functional and economic specialisation and to emphasise their role in the global economy. Thus, they tend to clarify and emphasise their identity rather than changing it altogether; and strategies are focused upon modernisation of the local industrial milieu. MECIBS cities of this kind are Kokkola, Lappeenranta and Herning.

Kokkola hosts a strong cluster within the chemical industry. Formerly, the city was also the centre for Finnish textile production. Recent strategies focus upon modernising and facilitating the chemistry cluster.

Lappeenranta is a centre for wood processing and is currently developing competencies tailored to the cluster and new competencies within Russian-oriented trade. Also, the city of Herning has focused upon modernising the core competencies of the city and region, primarily in textiles.

Peripheral cities

Peripheral cities are situated in regions far from the national core and from large regional capitals. Usually they are small and most vulnerable to economic transformation.

The peripheral cities try to restore the impacts of change and to renew their reputation as cities for industrial production and - if possible - to enter the economy of tourism. Within this scope the peripheral MECIBS cities have been focusing upon restoration and improvement of industrial sites and their infrastructure. Cities of this kind are Nakskov and Bauska.

After several years paralysed by the closure of one of two large industrial companies in the city, Nakskov has succeeded in turning its former shipbuilding area into a site for manufacturing of wind mills – another blue collar labour-intensive manufacturing industry.

From regions to indicators

Several of the MECIBS show other characteristics than the above-mentioned characteristics of cities situated in metropolitan, self-sustaining or peripheral regions. Additional aspects are added by the presentations of five demographic indicators in the section following the urban profiles.

Trends and events

Urban transformation of medium-sized cities is caused largely by globalisation and the geographical concentration of the new economy within the largest cities. These changes are usually characterised as ongoing structural changes, working step by step in a certain direction. From the perspective of the cities, however, structural changes often manifest themselves as sudden events. In the local settings, sudden events call for actions rather than just policies. Several examples of sudden events have occurred in the MECIBS cities. All the eastern BSR cities have experienced substantial changes as a result of the political changes in the former Soviet Union.

To Sillamäe the shift from being a closed military city to a centre of a national economic free zone was quite radical. The international community made the protection of the waste depository from the uranium production a high priority. On the basis of the former uranium production a highly specialised production of rare metals was established. To Jüterbog, the reunion of East and West Germany lead to the closure of a military base formerly housing about 70,000 soldiers during the Soviet period. It is still one of the key challenges for the city to handle this huge area. In other cities, the closure of military bases proved to be assets for the cities. Thus, local initiatives in Nyköping turned a military airfield into a commercial airport and the closure of the military base in Norrtälje was taken as an opportunity to create a campus of education and in business.

Plans and projects

Concrete plans and projects are important to the cities. Therefore, all cities have taken the opportunity, in continuation of the urban profiles, to present current plans and projects. These plans and projects focus on cultural heritage and urban renewal, development of meeting places for culture, sport and trade-fairs, development of institutions for knowledge-sharing, education and science, new housing programs and plans for industrial development.

Cities emphasising the *cultural heritage* of buildings and former fortresses aims at further develop the potentials to make the cities more attractive to visitors and the citizens. Jüterbog is currently renovating its former Franciscan Convent and Monk's church and converting it into a cultural centre. Kuldiga applied for enrolment at the UNESCO's world heritage list, and Bauska has put much effort in renovation of the old city castle. Although Sillamäe is much younger, the city emphasises the cultural heritage of the city centre formed by the unique Stalinistic Soviet architecture from the 1950s. Vyborg is endowed with several historical sights and an architectural heritage revealing important historical periods of city. Therefore tourism has been made a strategic cornerstone of the city's development strategy. The city centre is, however, in a very poor condition and much needs to be done. Due to the close historical relations with Finland, some joint projects with Finnish partners on architectural renovation have been organised.

Social and cultural events play a role in the new economy. These activities require new urban facilities. Sports arenas are becoming larger and cultural facilities are becoming more spectacular.

Among several projects and plans, Randers emphasises the building of a private tropical zoo, a water-culture house, an extension of the sports stadium and the establishment of a music and theatre centre. Herning emphasises the status that the city has obtained as a centre for trade fairs, sport and concerts.

Housing is of special concern when cities try to attract new residents from the hinterland or from a nearby metropolis. Thus, Nyköping and Kokkola present plans for new housing areas, both of which are characterised by a concern for profiting from the nature and access to open water. In Kokkola the plan is to re-establish the former close connection between the city and the seashore. Nyköping plans to build waterfront housing, and via housing advertising campaigns in the Stockholm newspapers to attract families even from Stockholm.

Education is usually seen as an important driver of the urban economy. Therefore, the cities have developed several new ideas for education facilities. The only MECIBS city endowed with a regional university is Lappeenranta, also hosting a new technology centre, Kareltek. Other cities try to offset the absence of a university by co-operating with one or more universities. Thus, a variety of cooperative arrangements with universities are developed at mutual advantage to the city and to the university. The university is offered an arena for enrolling more

students, and the city is offered a high level education facility, often within sectors specifically focused upon local business life. Norrtälje presents one such example, Campus Roslagen.

Several cities are concerned with developing the framework and infrastructure available to local *industrial production*. Several goals are at stake; to attract new investors, to encourage local entrepreneurs and to modernise local industrial clusters facing the challenges by globalisation. In their presentations, Lappeenranta emphasises the development of Mustola Harbour and Free Zone, while Nakskov presents the new Industrial and Environment Park established on the premises of the former Nakskov Shipyard and environs. Besides tourism, as earlier mentioned, Vyborg emphasises the needs to encourage industrial development based upon former competencies within as shipbuilding and electronic instruments.

The number of concrete plans and projects presented by the cities are impressive. Yet these are only examples of a large number of initiatives taken by medium-sized cities showing commitments and capacities to respond to the challenges of urban restructuring. To fully match the challenges from the outside world, however, the medium-sized cities need assistance from governments and international institutions to develop proper framework conditions suited for the special needs of medium-sized cities.

The editorial team

MECIBS - Project information

Project title

Medium Sized Cities in Dialogue around the Baltic Sea Region

Financing

The partners and EU (Interreg IIIB, Baltic Sea Programme). Supplementary funding obtained from the Danish Ministry of Foreign Affairs (Baltic Sea Facility), the Danish Organisation for International Co-operation.

Aim

Within the overall objective to foster balanced spatial development by sustaining the development of medium sized cities the project aims at:

- (1) understanding urban restructuring based on comparative and concrete examples;
- (2) forming recommendations for the interplay between local and national strategies based upon a bottom up process;
- (3) forming recommendations within an integrated perspective on economic, environmental and social development;
- (4) forming a network of medium sized cities to facilitate exchange of experiences and mutual learning.

MECIBS partners

GERMANY

Institute for Regional Development and Structural Planning;

DENMARK

Municipalities of Randers and Nakskov; Chamber of

Commerce and Industry Herning-Ikast-Brandø; Centre for Forest, Landscape and Planning, KVL; Dep. of Marketing, Southern Denmark University; Dep. of Geography, University of Copenhagen.

SWEDEN

Municipality of Nyköping; Dep. of Regional Planning, Royal Institute of Technology.

FINLAND

Municipalities of Salo, Kokkola and Lappeenranta; Centre for Urban and Regional Studies; Helsinki University of Technology.

NORDIC COUNTRIES

Nordic Centre for Spatial Development, Nordregio, Stockholm;

Associated partners

GERMANY

Municipality of Jüterbog.

SWEDEN

Municipality of Norrtälje.

RUSSIA

Municipality of Vyborg Region, Municipalities of Kronstadt and Pskov; Leontieff Centre, St. Petersburg;

ESTONIA

Municipality of Sillamäe; Public Science Academy.

LATVIA

Municipalities of Valka, Kuldīga and Bauska; Department of Geography, University of Latvia, Riga.

POLAND

Municipality of Chojnice; University of Gdańsk.

Conferences

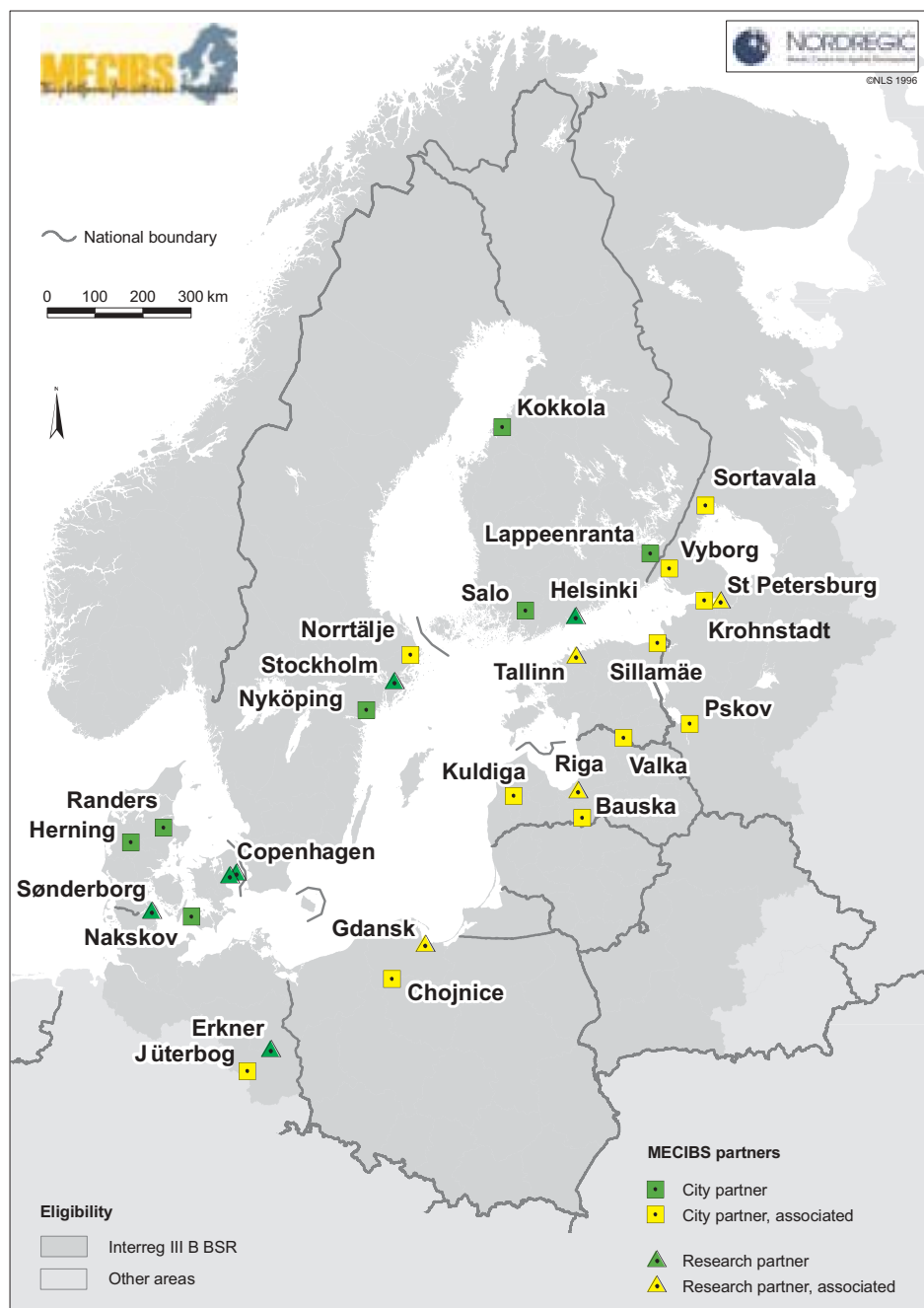
1st conference: *Kick-off*, February 2003, Lappeenranta and Vyborg;
2nd conference: *Urban biographies and case-studies*, June 2003, Sillamäe;
3rd conference: *Urban change and strategies in medium sized cities*, January 2004, Randers;
BSPF seminar: *Strategies on sustainable development of Vyborg*, May 2004, Vyborg;
4th conference: *Environment and sustainable development*, June 2004, Chojnice
5th conference: *Local responsiveness to social and economic change*, January 2005, Kokkola;
6th conference: *Final conference: Policy recommendations*, June 2005, Nyköping.

Case-studies

Several case-studies were undertaken by the researchers in the following topics:
Regional impacts of economic integration;
Socio-economic regeneration outside agglomerations;
Sustainable development in MECIBS cities;
Local business and development strategies;
Spatial planning for urban transformation;
Functional labour markets;
Branding medium sized cities in transition;
Cultural policy and urban development;
Participation and collaboration;
Economic and demographic urban and regional indicators.

Homepage

www.mecibs.dk



Representatives

of project partners

MECIBS partners

GERMANY

- Institute for Regional Development and Structural Planning
Thilo Lang
Oliver Türk
Eric Tenz
Monika Sonntag

DENMARK

- Randers municipality
Steffen Røntorp
Henrik S. Bernberg
Hanne Lykke Thonsgaard
- Nakskov municipality
Jørn Husted Madsen
Gunhild Utkvitne
- Chamber of Commerce and Industry Herning-Ikast-Brande-Aaskov
Peter Weiglin
- Centre for Forest Landscape and Planning (lead partner)
Niels Boje Groth, project coordinator
Søren Smidt-Jensen
- Dep. of Marketing, Southern Denmark University
Andreas Cornett
- Dep. of Geography, University of Copenhagen
Stefan Anderberg

SWEDEN

- Nyköping municipality
Lars Åke Svensson
- Dep. of Regional Planning, Royal Institute of Technology
Mats Johansson
Lisa Van Well

FINLAND

- Salo municipality
Kauko Lindholm
Jarmo Heimo
Irma Nieminen
Terhikki Heinonen
- Kokkola municipality
Lassi Oikari
Jarmo Nissi
Nina Kujala
- Lappeenranta municipality
Markku Heinonen
Hannu Aikäs
- Centre for Urban and Regional Studies, Helsinki University of Technology
Rauno Sairinen
Vesa Kanninen
Samuli Lehtonen
Olli Majjala
Taneli Dobrowolski

NORDIC COUNTRIES

- Nordic Centre for Spatial Development, Nordregio, Stockholm
Jörg Neubauer

Tomas Hanell
Arto Rautsalainen

Associated MECIBS partners

GERMANY

- Jüterbog municipality
Maud Decker

SWEDEN

- Norrtälje municipality
Anders Olander

RUSSIA

- Municipality of Vyborg Region
Olga Kareva
Kronstadt municipality
Ivan Taraso
Pskov municipality
Mikhail Radionov
Leontieff Centre, Sct. Petersburg
Nina Oding

ESTONIA

- Sillamäe municipality
Aleksandr Bogens
- Public Science Academy, Tallin university
Rivo Noorkõiv

LATVIA

- Valka municipality
Zintis Varts
Modris Mikelsons
Liiga Mieze

- Kuldīga municipality
Inga Berzina
Edgars Zalans
- Bauska municipality
Laimonis Valevich
- Department of Geography, University of Latvia,
Riga
Zaiga Krisjane

POLAND

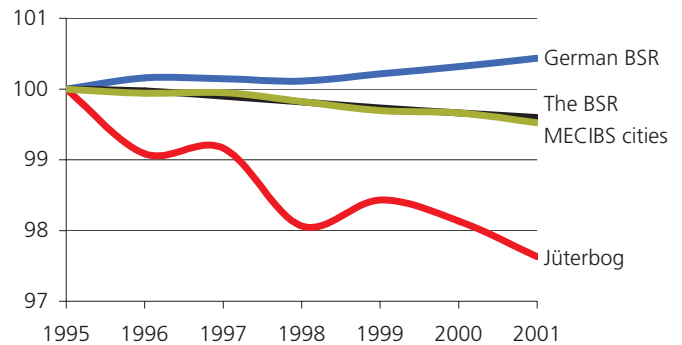
- Chojnice municipality
Jonna Gappa,
Michal Karpiak
- University of Gdansk
Konrad Kondratowicz



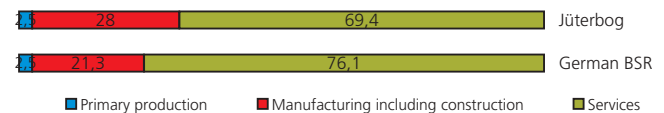
Jüterbog belongs to the county Teltow-Fläming in the federal state of Brandenburg. The town is part of the central place system of Brandenburg and a regional centre of development. Jüterbog had a long tradition as a military site since the beginning of the 19th century. Since WW II between 30.000 and 70.000 Russian soldiers were stationed in Jüterbog, until the final withdrawal of the troops in 1992-1994.

The military presence had a big influence on Jüterbogs economy. In 1988, at the height of the Cold War, there were 4 Russian soldiers for each resident of Jüterbog. The large number of troops made investments in infrastructure, water and energy provision, food production, housing, etc. necessary. The withdrawal of the troops had a very negative effect on the economy of Jüterbog, and caused the collapse of a whole sector of business. Today 60% (10.457 ha) of the total municipal area consists of former military sites (ammunition factories, barracks, artillery storage places, officer's houses) and 38% of Jüterbogs settlement area were of military use. The conversion area in Jüterbog is one of the biggest in Germany.

Change in population, 1995-2001 (index 1995=100)



Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Jüterbog in brief

Population in Jüterbog Municipality: 13,206 (2004)

Annual population growth: -1% to -2%

Main sectors of employment : Public service, agriculture, food processing.

Urban functions: Regional centre of development in Brandenburg

Distance to major centre: Berlin: 70 km, Potsdam: 60 km

Most important employers:

- City of Jüterbog (administration, schools, kindergartens, culture, leisure, sports, public transportation etc.): 196 employees
- JÜTRO-Konserven GmbH (canned goods): 70 employees + seasonal workers
- Jüterboger Agrargenossenschaft e.G (agricultural products): ca. 40 employees + allied companies
- Bau- und Bedachungs GmbH (roofing and construction): 30 employees

Main strategic aims: Development and preservation of the historic town centre, improving and stabilising neighbourhood structures to create attractive housing.

Economic aspects

After German reunification, many economically weak firms were forced to close down. In particular, the construction industry and the agricultural sector suffered severe cuts. Although the rate of unemployment has decreased slightly in recent years, no sustainable growth on the local job market can be detected.

Due to a decrease of municipal income, the city administration of Jüterbog struggles with a strained budget. Therefore, a new administration structure has been established and workstations have been shut down in administration and public institutions.

Demographic and geographic aspects

Demographic decline is not a new phenomenon in

Jüterbog and has been observed since the 1950s, but several trends have intensified since the 1990s:

- the out-migration of young families, especially to Western Germany and to the bigger cities
- low birth rate
- an ageing population

Recent projections expect a further decline to about 12.000 in 2015 (13.206 in 2004).

More people commute out of Jüterbog than into the city. This trend has intensified since 1999 when the county-administration was moved from Jüterbog to the neighbouring town of Luckenwalde. As a result of this the number of out-commuters increased by approx. 850.



Jüterbog II. From military barracks to housing units.

Despite its favourable geographic location close to Berlin, Jüterbog has not fully realised its strategy to become a residential city for people working in Berlin.

Social aspects

Although unemployment has decreased slightly, it still remains a social concern. The unemployment rate for women is especially high. Currently, there is a test phase for the so-called »1€ jobs« programme. In this programme, people have the opportunity to work for up to 6 months in non-essential support functions in various areas such as in the town hall, with city information, or in municipal services. There is the possibility that the program will be extended to include the social sector in the beginning of 2005. But as the program is still in the test phase, its true impact on job creation is yet to be seen.

Environmental aspects

One of the main challenges for the City is the development of the large former military sites and their associated vacant buildings and brown fields. It is a big challenge to find new, non-military uses for these areas. In addition, Jüterbog is lacking comprehensive information about these sites. Until 1990, no reliable cartographic information was available as the Russians kept the information secret or provided only distorted maps and schematic drafts of the area. The threat posed by soil contamination, blasting agents or munitions contamination in these areas is unknown. Up until now, the measures undertaken concerning contamination are restricted to the analysis of historical data and on-site control.

A former shooting range in the old military area has been declared a nature reserve area but the conversion is not yet complete.

Land use aspects

Land use priorities for Jüterbog include:

- conversion of military sites
- improving neighbourhood living conditions
- development of the city centre

A large percentage of the former military areas have already been reused. For example, in the Jüterbog II district, 550 housing units (including the associated infrastructure like playgrounds, sports grounds, parks, parking areas and garages) have been repaired or modernised since 1994. The original plans to create 3000 new housing units have now been scaled back. In spite of the modernisation, infrastructure for daily needs is lacking and the area suffers from a negative image.

In the area north of Bülowstrasse, an extensive portion of the technical installations has been removed since 2001. Furthermore, threats due to blasting agents, munitions and other soil contamination have been eliminated. A binding land use plan has been established and the area has been designated a commercial and industrial area. Jüterbog has a medieval town centre and is a member of the committee »Cities with Historical Town Centres in the State of Brandenburg.« The committee's aim is to preserve, to care for and to carefully redevelop historical town centres as important factors of cultural and historical

The ARGE REZ

Arge rez («ArbeitsGEmeinschaft Regionale Entwicklungszentren») was founded in 1995. Besides Jüterbog, all regional development centres in Brandenburg are members of this association: Frankfurt/Oder, Neuruppin, Luckenwalde, Eberswalde, Cottbus and the city of Brandenburg/Havel. As a platform for inter-communal co-operation, the ARGE REZ plays an important political role in the regional development of Brandenburg. Its aim is to co-ordinate the exchange of experience and information regarding spatial planning development strategies, to represent common interests in the field of regional and urban development planning as well as to initiate and develop activities and projects. In particular, the ARGE REZ focuses on economic stabilisation strategies in the face of social, political and economic transformation processes.

identification for the inhabitants of these cities.

Political initiatives

In 1995, the first regional development plan for the Land of Brandenburg was passed: the Landesentwicklungsplan (LEP). In this development



plan, 7 regional development centres were identified. One of which is Jüterbog, together with its neighbouring city, Luckenwalde. The LEP is based upon the concept of a »decentralised centralisation« which assumes that the most important urban functions and services of the Land Brandenburg are to be concentrated in these 7 centres. In addition, these regional centres work together within the ARGE REZ network, of which Jüterbog was a founding member, and which form a network of regional development centres around Berlin.

Main strategies to reach main goals

Jüterbog aims to remain a regional centre of development in spite of its decreasing population. This strategy is supported by the »Stadtumbau-strategy«. This integrated urban-restructuring concept combines housing market development with planned urban development. The vision of Stadtumbau is a controlled physical reduction of the city's volume, starting from the outside edges, in order to create attractive, functionally stable districts with high living quality and a stable, high-quality housing market. New housing areas north of the city centre (Jüterbog II, Fuchsberge and Neue Wohnstadt) will also be developed with this concept in mind.

Strengthening the historical centre remains a priority of the City. With this aim in mind, Stadtumbau is the consequent continuation of the redevelopment measures undertaken in urban planning.

Jüterbog will focus all revitalisation efforts relating to former military areas on the small parcel close to the train station, Jüterbog II. Only a very small part of

the military conversion areas will be recycled and revitalised. The city has realised that it is almost impossible to integrate the military area into the city structure due to location and extension of the area.

Mönchenkirche Cultural Quarter

The renovation of the Franciscan Convent and Monks' Church, which date from the 15th century, forms the cornerstone of Jüterbogs urban regeneration strategy. By concentrating various important cultural institutions in the *Kulturquartier Mönchenkirche*, the city hopes to establish a cultural centre of both local and regional importance.

The current land use plan for Jüterbog outlines several areas of focus for the future development of Jüterbog. In particular, the City aims to improve cultural and leisure facilities, which will be of a



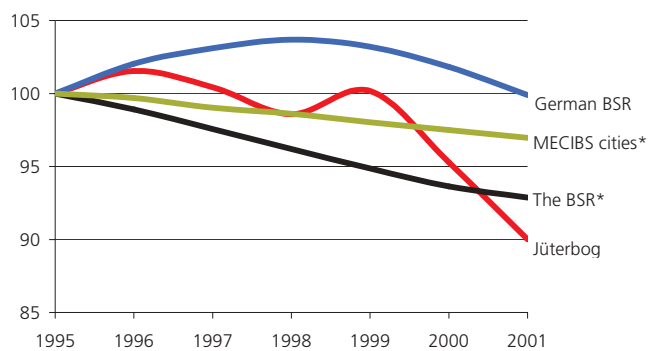
benefit and a source of pride for residents of Jüterbog and which will also attract more visitors. As the Mönchenkirche is located in the historic town centre, this project must also be seen in the context of preserving and developing Jüterbogs historic town centre, which is a priority for the City.

Main features of the Mönchenkirche Cultural Quarter will include:

- city museum, with 500m² of exhibition space
- various theatre and concert venues, ranging from 50 to 100 seats
- cultural and historical archives, reading and study space and library
- city information office
- rooms for local clubs and associations

Building costs were anticipated at 6,645 million Euro, 20% of which would be paid for by Jüterbog. The remaining funds come from the Community Cultural Investments Program of the State Brandenburg and the program Urban Development and Heritage Conservation (Städtebaulicher Denkmalschutz), which is a co-operation between the German Federation and the federal states. Official construction of the project began in November 2002, and the inauguration is planned for August 2005.

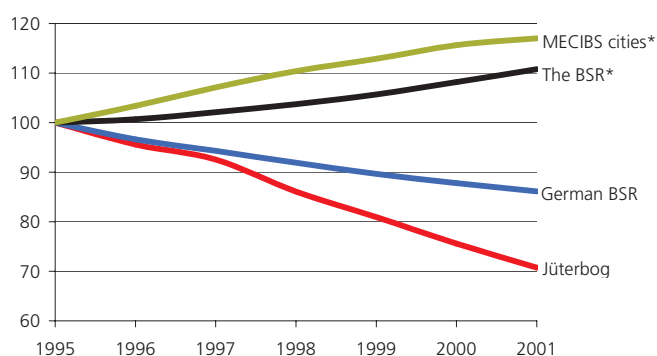
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

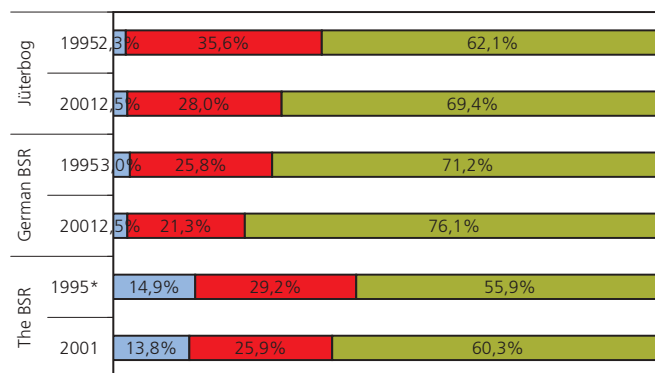
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

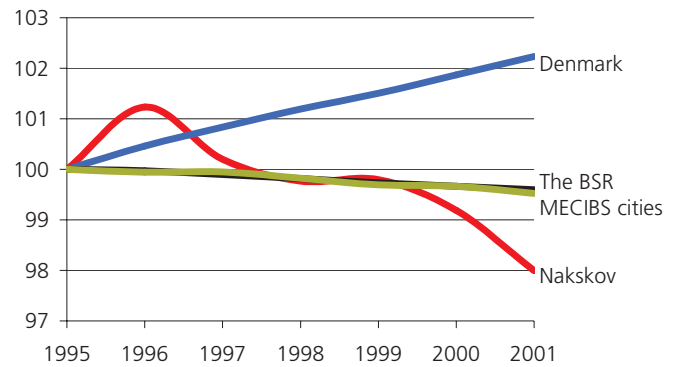


Nakskov is located on Lolland, one of Denmark's southernmost islands, an outlying area in the Danish context. Nakskov is the administrative centre for Nakskov Municipality and located in Storstrøm County.

The local economic development in Nakskov has been closely linked to the former shipyard, especially in the post-WW II period and until the 1970s, during which time growth and prosperity characterized the town. In the 1960s, the shipyard employed approximately 2200 people; however, employment began a steady decline in the 1970s. The shipyard was finally closed in 1986 along with four other medium-sized industries.

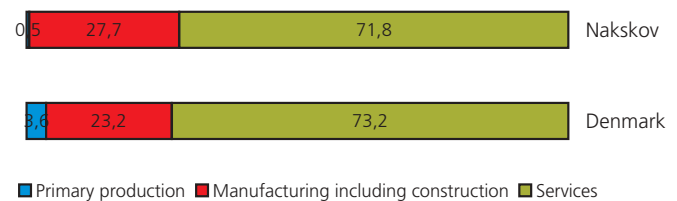
In recent years, Nakskov has had some success in attracting new industries, mainly manufacturing, such as Vestas and smaller industries, and initiatives have been taken to re-use the brown-fields of the former shipyard.

Change in population, 1995-2001 (index 1995=100)



NORDREGIO
Nordic Centre for Spatial Development

Employment by branch 2001 (%)



Nakskov in brief

Population in Nakskov Municipality: 15,041 (2004)

Annual population growth: - 2.7% (1998-2003)

Distance to major centre: Copenhagen 175 km

Recent large urban development project:

Nakskov Industrial and Environment Park

Most important employers:

- Nakskov Municipality: 1400 employees
- Vestas (wind turbines): 620 employees
- Danisco (sugar): 210 employees



Transportation of parts of a wind mill.

Demographic and economic development

Aside from a couple of years in the mid-1990s, when there was a slight increase in population, the population of Nakskov has steadily decreased since 1980 at a rate of about 0.5-1.0% p.a., resulting in a 12.8% decrease in population since 1980.

This fall in population is partly due to the closing of industries, but also the result of young people moving away for educational purposes. A lack of employment opportunities prevents the young – as well as new citizens – from returning to Nakskov.

As a result of the shipyard closing, unemployment in Nakskov grew to roughly 17%. When »Ota« (a manufacturer of oatmeal) also closed its factory in Nakskov in 1994, unemployment peaked at 19.3%. The labour force is largely unskilled.

As a result of the establishment of the Vestas Wind Systems plant in 1999 and other positive

developments, unemployment fell in 2003 to 10.3% (as compared to the 6.2% national average at the time).

Land use and spatial planning

The town centre is very compact; all retail activity is confined to the centre, and hence there is only one commercial centre in Nakskov. This relates to a deliberate strategy for the prevention of urban sprawl. Housing is plentiful. 30% of all dwellings are public apartments, which is a consequence of the town's former working-class profile.

Although Nakskov is located directly on the coast, the local housing and commercial areas are not oriented towards it. The harbour and former shipyard areas occupy most of the land along the waterfront, and while these areas could make very attractive housing areas, there is no demand for further growth at the moment. These areas also possess the greatest potential for attracting new industries and are therefore of more use to Nakskov as industrial areas than as housing.

The presence of the harbour is an important inducement for existing and potential industries in Nakskov, and this area has also been the focus of recent spatial planning in the town. Instead of converting the harbour areas to other use, the harbour activities have been reinforced by the establishment of the maritime logistics centre. This adds to the attractiveness of Nakskov for existing and potential industries, but the harbour is also a part of the local business environment on its own.

As a result of a dedicated strategy, the extensive areas that were left as brown-fields after the shipyard closing have been put to use by new industries and harbour-related activities.

Local business development strategy

Since the late 1990s, the business policy in Nakskov has followed a 'green path', focusing on environmental management and environmental technology. In 1998, a unified Nakskov Municipal Council chose to initiate a significantly proactive, risk willing, but also long-term business policy.

In 1999, a master plan was drafted for the Nakskov Industry and Environment Park, a large industrial zone of 1,150,000 sq. meters. The plan envisioned a new general structure for the harbour zone and adjacent areas. Municipal investments in the cleaning of the former shipyard site, the development of logistic activities in the harbour, and the acquisition of land adjacent to the existing industrial areas represented important elements in this strategy.

During the drafting of this master plan, Vestas Wind Systems decided to establish a production site in the district, partly due to the successful result of a promotion campaign carried out by Nakskov Municipality. In 1999, the factory was constructed on the former shipyard area. Shortly thereafter, smaller subcontracting industries were established on the area south of the shipyard area.

The environmental focus in the area is further emphasized by the fact that the Municipality has

built a new, environment-friendly heating station, a sewage treatment plant, and a recycling station. Three test wind turbines have also been erected by Vestas. The electricity they produce enters into the Nakskov Environment concept – an umbrella term for development projects regarding renewable energy sources.

A dynamic organization has been an important precondition for maintaining the »green policy line«, and many of the project ideas have been realized. The precondition for establishing new firms in Nakskov, and thereby also the resulting increase in employment, has been the conscious conceptual integration of physical planning and business development policy. In Nakskov, the interaction with spatial planning and business policy has thus been totally decisive for creating the frameworks for the current, relatively positive, local business development.



Nakskov Industry and Environment Park.

The environmentally oriented development projects in the Nakskov Industry and Environment Park partly take place in co-operation with »The Green Centre« in neighbouring Holeby, a knowledge- and business development centre aimed at agriculture and agricultural industries. The Green Centre was established in 1988 and is financed by the county, EU and municipalities of east Lolland. The projects are developed in co-operation with the Pharmaceutical College of Denmark, Denmark's Technical University and the Fejø Experimental Tree Farm.



Nakskov Industrial and Environmental Park

Nakskov was severely hit by the industrial recession in the 1970s. The town shipyard was closed, leaving some 2000 workers without work and a town marked by brain-drain, the inflow of social clients from the metropolises etc.

A political shift in the City Council in 1998 was the key to the will to change. The means for effecting this change was perceived to be financial investment targeting one overall objective: new jobs matching the free labour force. Combined with the reform of the local political and administrative structure, the city aimed to create one of the most effective bodies of local public administration in Denmark.

Today, Nakskov compares with metropolises such as Copenhagen Capacity, the official investment agency of Greater Copenhagen, and Aarhus in terms of the speed and efficiency of its public administration. Moreover, Nakskov is referred to as one of the most attractive places to establish new businesses.

The Nakskov Industrial and Environmental Park now houses several new businesses within the Energy and Environmental business sector. Vestas Wind Systems is the largest such enterprise, with some 600 employees.

Baltic Sea Solutions

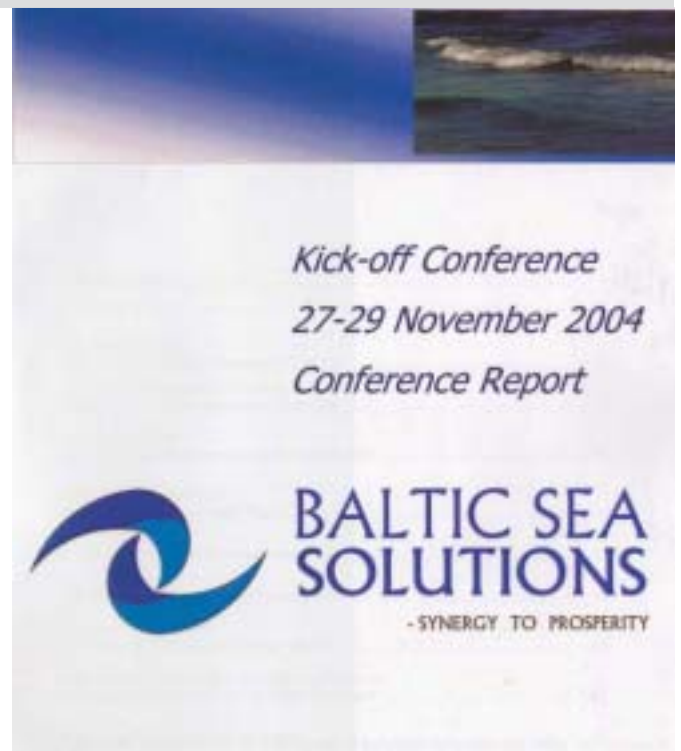
Nakskov has taken the initiative for a project entitled »Baltic Sea Solutions«, a cross-border network extending throughout the Baltic Sea Region.

With the overall vision of contributing to continuous economic growth in the Baltic Sea Region, transnational co-operation between existing public administrative systems is being established.

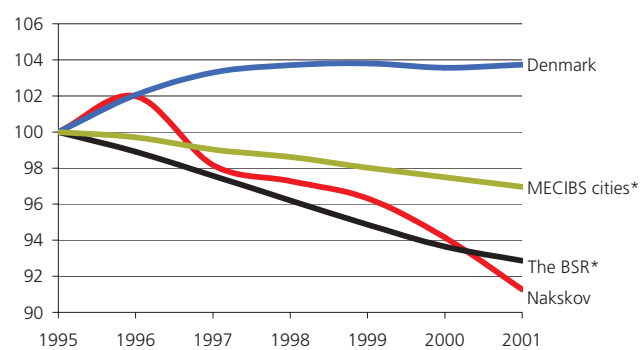
The main focus is to attract new businesses to the Baltic Sea Region. In order to facilitate and smooth the establishment of new industrial enterprises, the

municipalities in the Lolland-Falster region are pioneers in establishing a joint Operational Knowledge Centre (OKC).

The Baltic Sea Solutions provide all of the necessary public expertise in establishing industries in the region of Lolland-Falster or when further expansion throughout the Baltic Sea Region is requested. The OKC expertise also includes the development of strategies for the revitalization of former industrial areas, as well as a variety of Local Agenda 21 packages; these targeting the improvement of efficiency, economy and environment prior to new industrial initiatives or expansion.



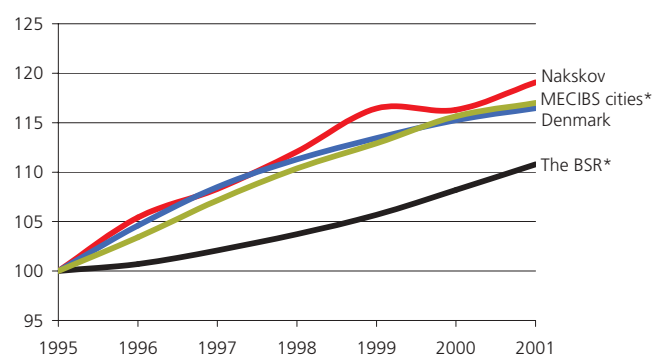
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

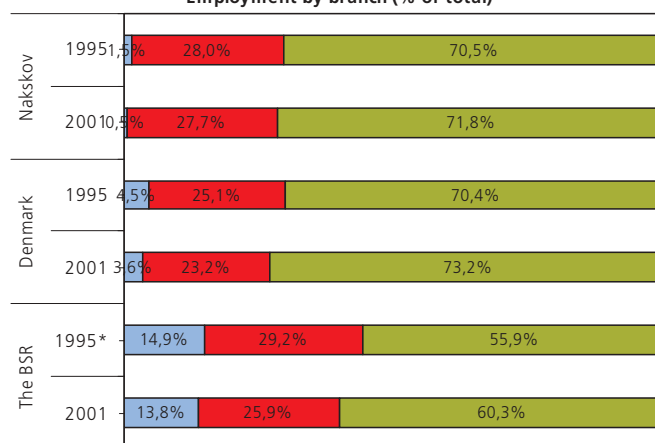
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

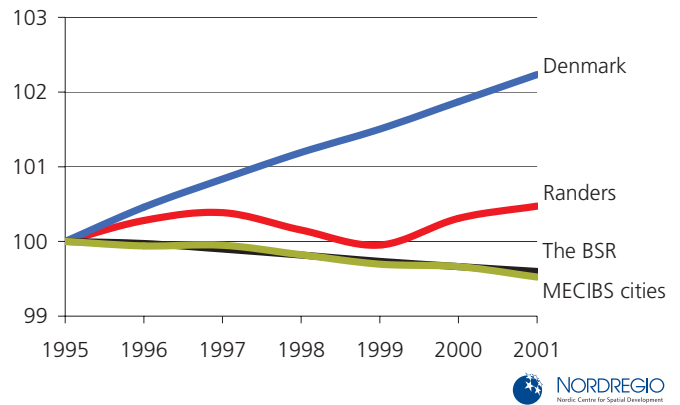


Randers is the sixth largest city in Denmark and the second largest city in Århus County. It occupies a strong position as a regional centre in the region referred to as »Crown Jutland«.

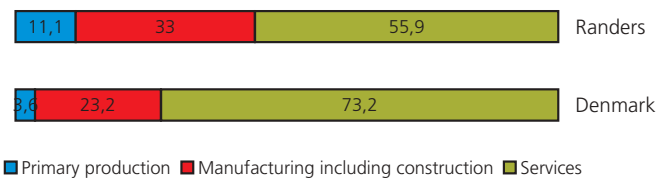
Randers was formerly characterized as an industrial city. In recent years, however, the city has been affected by outsourcing and the closing of industries. While these closings have greatly affected the local industrial structure, a corresponding number of workplaces have been created in other industries. Since 2001, Deloitte has carried out a comparison of all Danish municipalities. This analysis compares the growth climate and growth rate in order to identify where growth takes place in Denmark. In this period, Randers has moved up from rank 129 to 33 to 18, and as announced in 2005, the city now ranks second in the country.

However, as a former industrial city, losing large manufacturing companies has meant that, to a certain degree, Randers has based its identity upon the successes of a few old, large and important companies. A strategy for combating this image has

Change in population, 1995-2001 (index 1995=100)



Employment by branch 2001 (%)



Randers in brief

Population in Randers Municipality: 62,137 (2004)

Demographic growth: 0% (1998-2003)

Distance to nearest centre: Århus 40 km

Urban development projects:

Skovsyrevej, Water Culture House, Værket, the Randers Rope property, the Thor Brewery property, Stadium, Østervold, apartments by the river.

Most important employers:

- Randers Municipality: ca. 4700 employees
- Randers Hospital: ca. 1500 employees
- Vestas (wind mills): ca. 600 employees
- Bombardier Transportation (trains): ca. 410 employees
- Danish Crown (food): ca. 325 employees

involved the launching of a branding campaign for the purpose of identifying the strengths and values of Randers and to communicate these positive aspects within the city as well as to the outside world.

The location of Randers between Århus and Aalborg, two university cities, provides potential for development. In addition to the branding campaign, the construction of attractive housing and the large-scale development of the inner city is part of the strategy to develop an attractive city.

In order to maintain and develop the city's importance in Denmark, the Municipality focuses on entrepreneurship and policies relating to culture, housing and education.



The headquarter of Vestas

Demographic and economic development

Randers has had a stagnant population since the 1960s, and although many young people move to the city for education purposes, families with children tend to move away from the city. More recently, however, the city has experienced a net increase in the number of families with children. Randers has an increasing number of elderly, and the mortality rate exceeds the birth rate.

Randers has been marked by the recent closing of several manufacturing industries: in the autumn of 2004, 300 jobs were lost at Agco A/S (manufacturing of harvesters); the Thor Brewery closed in 2003; and Randers Reb (production of ropes) moved its manufacturing activities to Lithuania in 2002. The labour force is generally less educated than the average in Århus County, and due to the closing of manufacturing industries, many unskilled persons face longterm unemployment.

In spite of the closing of the large manufacturing industries, the number of workplaces has been constant in Randers. A number of small industries and businesses have also opened, and the hospital has expanded, primarily employing skilled workers. Thus, the education of the industrial workers is part of the strategy to overcome the closing of the large manufacturing industries.

Land use and spatial planning

Randers is located around Randers Fjord and the Gudenå River. It is therefore characterized by considerable waterfront areas close to the city centre. A number of industries are currently located adjacent

to the waterfront, and the harbour remains active; its tonnage is actually increasing. Although the industries occupy attractive land and prevent public access to recreational areas, these waterfront areas represent noteworthy potential for future development. In particular, the former industrial area at Randers Rope possesses great potential for development.

Housing policy is a major strategy for the development of Randers. A main point in the city housing policy is a focus on living conditions in the city, especially for young families with children. Housing policy is therefore conceived of as being much broader than merely building houses.

The Municipality is creating attractive residential areas by allowing housing close to the waterfront, both in the harbour area and along the riverbank.

An example of a high quality housing project is »Skovsyrevej«, which is a new residential development in which the lots are sold to private individuals on the condition that they build houses of »sound architecture«. The lots are only sold after gaining approval for the drafts of the building project. The aim is to ensure an interesting housing area that appeal to high-income citizens.

In the last 10 years, the annual construction of new houses has been a little less than 200. The Municipal Council aims to increase this level.

The large-scale urban development of the city centre is also included in the strategy to create an attractive city.



The new Randers-logo is being flagged out from the silo of the former Thor V'Brewery. Photo: Flemming Højer, Randers Amtsavis.

The former power station in the city centre has been transformed into a large cultural centre, »Værket«, and a plan to establish a »Water Cultural House« has recently been passed by the Municipal Council. Another possible development is a renewal of the main road, »Østervold«, which currently acts as a barrier between the city centre and the area around »Værket«.

Branding of Randers

In addition to physical development, a part of the strategy to create an attractive city is the launching of a branding campaign.

Many of the industries that have closed in recent years have been image-bearing industries, i.e. industries whose images have been closely linked to that of Randers, such as Randers Rope and the Thor Brewery. Their closing has meant that Randers has acquired a reputation of being a city without jobs. Randers has also had an image as a city of violence due to a rash of gang-related crime that has received much media attention.

Statistically, however, neither of these negative images hold true: there are as many workplaces in Randers today as there were 10 years ago, but they are found in less image-bearing industries, and the crime rate in Randers is not higher than it is in e.g. Århus.

Nevertheless, both reputations have had a negative impact on the way people outside of Randers, as well as the citizens themselves, perceive Randers. As a strategy aimed at altering this negative image, Randers Municipality has initiated a branding campaign.

This branding campaign has aimed at identifying the strengths and values of Randers so that a more valid profile could be identified, since the profile as a manufacturing city no longer holds. Stressing the values in the branding campaign should help to produce a more diverse identity for Randers that can

help the citizens to feel more proud of their city.

The branding campaign is primarily aimed at the current citizens, but a possible sideeffect is that Randers also becomes more attractive for potential citizens and investors.

Education as a development strategy

Aside from the strategy of creating an attractive city in terms of housing and cultural activities, education is part of the strategy to create an attractive city for employers.

The education of the large proportion of unskilled workers represents a major challenge, both in terms of minimizing the unemployment rate and becoming more attractive for existing and potential non-manufacturing industries. The strategy includes increased focus on the inadequate level of education.

Another aspect of the education strategy is the promotion of Randers as an educational city. This includes both communicating Randers' values to potential students and a possible attraction of more education institutions.

A music and theatre centre in Randers – an example of transformation

The cultural centre in Randers is referred to as »Værket«, which refers to the former powerplant, but which in Danish also means »The Work«.

Værket is the cultural dynamo of Randers and Central Jutland. 400 events and over 100,000 guests are hosted annually. With 11,000 m² of space in historical buildings dating from 1880 and 1906, Værket offers a truly delightful setting for cultural events.

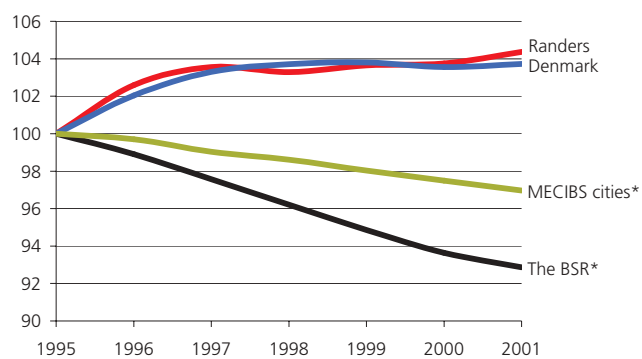
At the end of the 1970s, the Municipal Council decided to move the power plant to the harbour. The idea of revitalizing the building for cultural purposes then came alive. An architectural contest was held in 1981 among the local architects; however, none of the proposals proved to be useful. For a brief period, the Municipality abandoned the idea of overhauling the power plant for cultural purposes, working instead with a concept of using the old cinema as a combined setting for theatre and music. Decision was made in 1984 to re-evaluate the possibilities of using the power plant. A task force including representatives from the local music and cultural life was established, which put together a report that concluded that the building was useful for a broad range of theatre and musical purposes. The Municipal Council subsequently decided to reserve all buildings to »Værket«. The name resulted from a public contest, and the centre opened in October 1990.

»Værket« organizes and hosts concerts with classical

and modern music, theatrical performances, shows, musicals, opera, dance, ballet and film. It also caters to business customers with meetings, exhibitions and conferences for up to 1000 persons. It is located in a converted power station and a nearby riding hall. The power station consisted of an assortment of buildings with a total of 20,000 sqm. The oldest building is a turbine hall from 1906. A more recent turbine hall dates back to 1924.



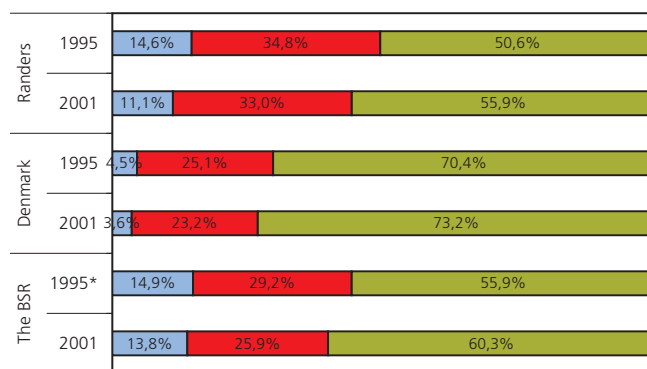
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)

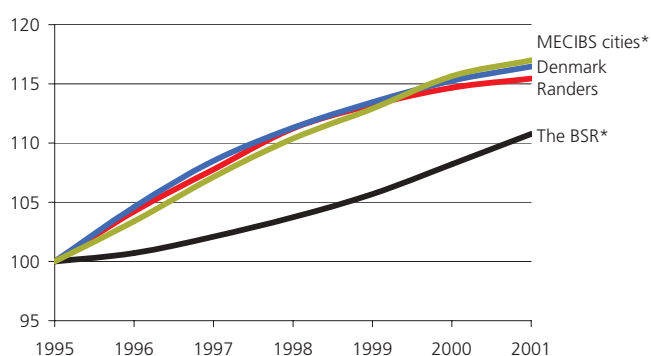


■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

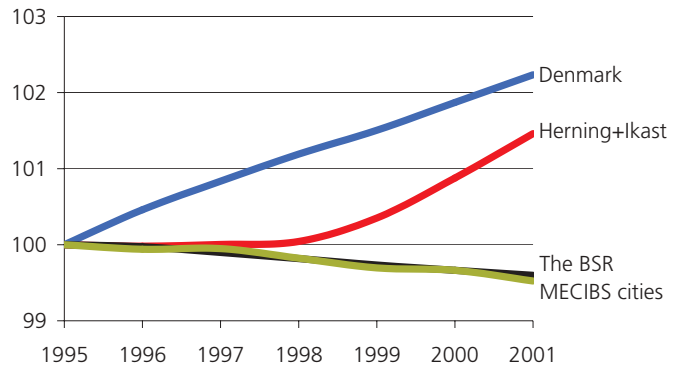


Situated in western Denmark, distanced from the Danish metropolises, the three municipalities of Herning, Ikast and Brande display numerous similarities with one another. They share a number of different characteristics setting them apart from the rest of Denmark. The people of the region are renowned for their entrepreneurial and independent spirit, which has great influence on the dynamic local business development processes. Many local enterprises are led by their owners, and several of them have mushroomed into global leaders within their field of work, e.g. enterprises in the wind-energy sector.

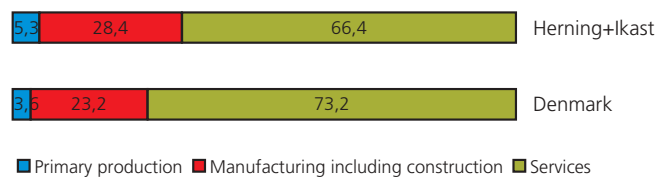
Economic aspects

Historically, a very large share of the Danish textile industry has been situated in the cities of Herning and Ikast. In the early 1990s, almost half of all jobs in this area stemmed from this industry. Over the last 10 years, the textile industry has recognized that production must be shifted to countries with lower labour costs. The industry therefore began to transfer production, first to southern European

Change in population, 1995-2001 (index 1995=100)



Employment by branch 2001 (%)



Herning-Ikast-Brande in brief

Population in 2004:

Herning Municipality: 59,108

Ikast Municipality: 23,195

Brande Municipality: 8805

Distance to major centre from Herning: Aarhus approx. 80 km

5 largest private employers:

- BDO Scanrevision A/S (auditing of accounts): 655 employees
- EDB Gruppen A/S (software development): 631 employees
- Bonus Energy A/S (wind generator production): 487 employees
- Brandtex A/S (production of women's clothing): 410 employees
- Bestseller A/S (production and marketing of clothing): 418 employees

countries, then to Eastern Europe, and more recently outside of Europe altogether. The local labour market has consequently been marked by the departure of the textile and clothing industry. However, the metal and furniture industries have been able to absorb those formerly employed in the textile industry; not immediately, but over a period of time. Important to the smooth economic transition process has been a constant upgrading of education programmes at educational institutions supplying labour to the textile and clothing branch.

Local business development policies

Decision was made in 2001 to consolidate business promotion activities in Herning, Ikast and Brande into a single *Herning-Ikast-Brande Business Council* (HIBBC). The consolidation of business promotion initiatives for the three municipalities represents the recognition of the fact that the area is bound together by a common labour market and common business clusters, including textile and garment enterprises as well as wind energy. This consolidation also reflected the fact that the individual municipal business councils had found it difficult to provide qualified services to the business sector. There were insufficient resources to immerse oneself in the relevant factors regarding the different local branches. That is also the principal reason why the Aaskov Business Association recently chose to join the collaborative efforts.

A strong focus on regional business clusters

Local business development policies have traditionally been marked by a strong focus on regional competency clusters. Hence, the HIBBC

actively supports projects and initiatives aiming at strengthening the framework conditions for local branches, e.g. the wood-processing industry, the wind energy sector and the cluster of subcontractors. The HIBBC works as a coordinating nodal point that helps establish and maintain regional actor networks, typically between educational institutions, research institutions and private enterprises.

Innovative education programmes

An important reason for the smooth transition of the employment structure in the textile and garment industry is a constant upgrading of education programmes in the textile and clothing schools in Herning. The educational programmes at *TEKO* are continually being innovated in order to position the school as a key provider and sparring partner for the textile and garment sector. The basic philosophy is that the courses of study must be developed in co-operation with the business sector in order to keep the training up to date with developments in the sector and to provide the skills and competencies required by contemporary firms. *TEKO*'s objective is to develop into a knowledge centre for 'lifestyle', not merely clothes and textiles. The plan is to develop new production areas, including footwear, interior decorations, accessories and furniture. If this is achieved, *TEKO* expects to increase its enrolment over the next few years to roughly 1500 students (as opposed to the 1000 students at present).

Birk Center Park

The construction of Birk Center Park marks a more active planning initiative, combining urban planning and an aggressive business policy aimed at

strengthening a competency-based business development via the construction of an educational and developmental environment in close co-operation with the local business community. Birk Center Park thus brings together several institutions and firms that mutually benefit from being placed together. Working together, they can act as a dynamic force for the restructuring and

modernization of the business sector in the Herning area. The core of Birk Center Park is comprised of TEKØ, the textile-related educational and developmental institution, and by the management and export-oriented Engineering and Business College (HIBAT). Around these institutions lie a number of larger and smaller business-oriented and business-related institutions. The placement of a



student dormitory next to Birk Center Park creates a campus-like ambiance, and the identity of the area is further reinforced by attractive architecture and buildings that are integrated with one another.

One can view Birk Center Park as a response to the developmental needs that have emerged among the local business community as a consequence of globalization and production characterized by increased knowledge content. Moreover, the comprehensive outsourcing of industrial workplaces has created a need for the development of new competencies. The outsourcing of manual labour in industrial production has forced firms to shift their attention from the production process itself to the elements in the value chain lying both prior and subsequent to production: design, logistics and marketing. However, the deliberate assembling of the associated institutions and firms in a common environment appears to represent more than a mere functional response to the needs of the business sector. Through the addition of image and symbolic values, Birk Center Park has also contributed to the creation of a vision-bearing 'concept cluster' that must be at the forefront of the competency-driven development of the local business community.

All told, a convincing result has been achieved via the combination of business policy, urban and landscape planning and an art policy effort. This achievement was acknowledged with the awarding of the Annual Urban Planning Prize at the urban planning meeting in 2002 with Herning Municipality.

A centre for exhibitions and entertainment

In addition to the dynamic regional business climate, Herning, Ikast and Brande are known for their top teams in high profile sports such as football, handball, bicycling and ice hockey. In recent years, the construction of new and modern arenas for these sports has been a high priority among the municipalities, as well as by private investors, especially in Herning. As a result, many international and national sporting and musical events have taken place in Herning. Herning also hosts *Exhibition Centre Herning* – the largest trade fair and exhibition centre in Scandinavia. 15-20 trade fairs and exhibitions are held annually, and the total number of major events lies between 40 and 60, with a total of more than 500,000 visitors per annum.



Birk Center Park

Herning has it all.

Herning is known as a textile town, as well as for its trade fairs, conferences, culture, schools etc. Other themes could equally well be attracted to »the Gem of the Moor«, which a few hundred years ago was a mere intersection of two roads on the barren heath.

Today there is a wealth of vision characterizing the Herning area, and no limitations to creativity. An entrepreneurial spirit sets the agenda.

The Herning region is a locomotive for development and new thinking. We dare to pursue new paths and seek out untraditional solutions.

Herning's central placement on the peninsula of Jutland makes the town the natural rallying point, as well as a good starting point. Herning is aiming at the development of a creative commercial and educational city. Within the last few years, we have been awarded the »byplanprisen« (planning prize) and »årets by« (city of the year).

Herning is renowned for its good environment for growth, enterprise and development. This stems from the excellent interaction between education and enterprise characterizing the area. The town is distinguished by its innovative environment and a tenacious will to create success. At the same time, the growing educational environment has great influence on Herning.

We have a significant and thriving commercial life with excellent opportunities to conduct business. The area has rich traditions in textile and design, and the city has exclusive fashion and lifestyle shopping opportunities.

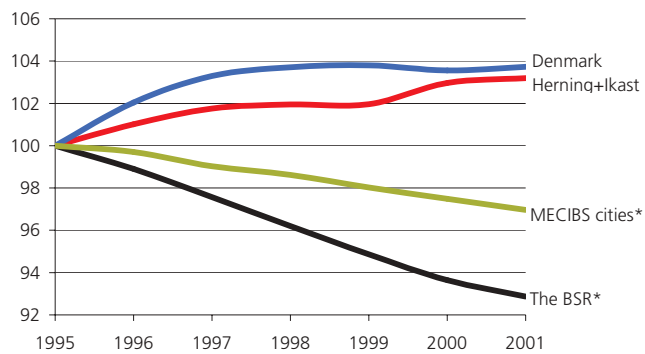
Herning has exciting residential areas with a rich variety of creative opportunities. A newly established lake with plans for 500 homes – in close proximity to the city and yet in connection with nature – is the most recent proof of just that.

We are also developing art, culture and sports in the area. A new stadium, which meets FIFA standards, has provided new and exciting experiences for all. We are presently in the process of building »the house of music« in the citycentre and will soon embark upon the building of »the house of art« in the Birk area. The gigantic ELIA sculpture, created by Ingvar Cronhamner, is the symbol of dynamic and creative power, a landmark of the Herning area.

Herning is annually visited by 750,000 guests for numerous congresses, fairs etc. We wish to provide a good experience for one and all.

See you in Herning – where anything is possible!

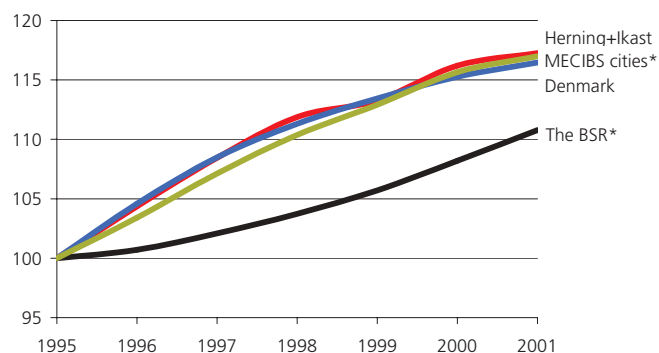
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

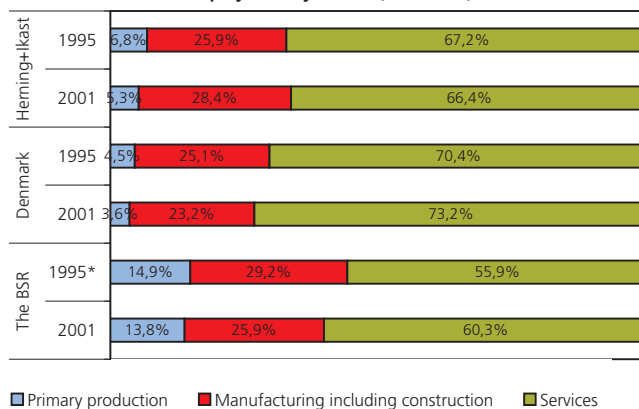
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



* Latvia: 1996

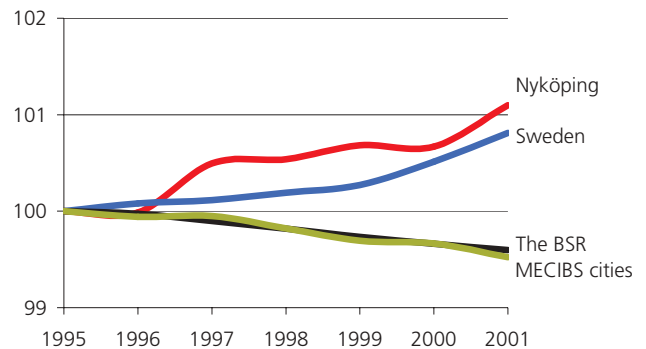
Source: National Statistical Institutes and Nordregio estimates



Photo: Nyköping Municipality ©

Situated on the Baltic coast and on the periphery of the Stockholm metropolitan region, Nyköping's main strategic focus is to profit from its obvious qualities and attract new inhabitants, especially from Stockholm, where housing prices and costs of living are sky-high. Planning for new housing is subsequently a major concern for the municipality, as is promotion of the town, especially for potential residents from Stockholm. At the same time, Nyköping Municipality is an eager advocate of the construction of a high-speed railway (*Ostlänken*) from Stockholm to Linköping passing through Nyköping and the Stockholm Skavsta Airport, 5 km from Nyköping, the fastest growing airport in Europe. In addition to their extensive efforts at rendering Nyköping a more attractive place to live, the municipalities of Nyköping and neighbouring Oxelösund are attempting to develop their position as a logistics centre in the Baltic Sea Region for the transport of goods by sea, rail and air.

Change in population, 1995-2001 (index 1995=100)



 NORDREGIO
Nordic Centre for Spatial Development

Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Nyköping in brief

Population in Nyköping Municipality: 49,400 (2003)

Urban function: County capital (Södermanland County)

Distance to major centre: Stockholm 60 km

Important urban development projects: Rosvalla Nyköping Eventcenter, large-scale housing projects in Brandholmen and Arnö, revitalization of the harbour-area

Most important employers:

- Nyköping Municipality: approx. 2500 employees
- Södermanland County Council (central administration, healthcare): approx. 1500 employees
- SAAB Automobile (spare parts for the European market): approx. 350 employees
- Östra Sörmlands Bilfrakt (transportation, logistics): approx. 275 employees
- Lexel Electric (electric installation products): approx. 250 employees

Economic aspects

Nyköping was the former seat of Swedish kings and governments from the 13th century and four centuries onwards. Many jobs continue to exist in the public administration. In addition to the Municipality of Nyköping, the administration of the County of Sörmland is also located in central Nyköping. The town was formerly an important industrial town in Sweden, including the production of ships, automobiles, textiles, quality furniture, televisions and soap. Compared with other medium-sized Swedish cities, the de-industrialization of Nyköping took place quite early and has not left Nyköping with obsolete areas or major conversion problems. The former SAAB site in the harbour area in central Nyköping is a strategic area of conversion where there are plans for the development of a mix of housing and business. Over the last five years, there have not been any major changes among the most important employers in the town, and the number of inhabitants is steadily increasing. One of the reasons for the latter circumstance is that an increasing number of people are moving to Nyköping, particularly from Stockholm.

Challenges and strategies

The local political leadership recognizes that Nyköping will be unable to compete with the larger surrounding cities (Stockholm and Linköping-Norrköping). Instead, the city must capitalize on its geographical position and its unique qualities. On this background, four overall strategies have been formulated:

1) *Living conditions*. Increasing commuting has rendered it attractive to combine the advantages of

the Stockholm labour market and the Nyköping housing market: keeping a Stockholm-job and Nyköping's costs of living.

2) *Communication and logistics*. In 1989, Nyköping decided to become a transport centre, the main elements being the Oxelösund harbour, the E4 highway and the Skavsta Airport.

3) *Education*. Nyköping wishes to establish a platform for elementary education and education oriented towards the needs of the business world. The Högskolcentrum in Nyköping offers educations in engineering in co-operation with Härnässtrand University in Norrland, and health-related educations together with the University of Linköping. Higher education in Nyköping is thus based on networking.

4) *Culture*. The urban environment must be strengthened. One of the more recent spectacular projects is the construction of the Rosvalla Nyköping Event Center, a large multi-arena for national sports and music events.



Photo: Nyköping Municipality ©

Developing urban qualities

The municipality is investing significant effort in the improvement of the urban qualities in order to attract new inhabitants, and the municipality is attempting to convert new lands for residential purposes and establish attractive housing areas. New housing is primarily being built along the coast, especially in the „Arnö“ area, where the city is expected to grow in the future; however, the local government has been strongly criticized for its housing policy. This critique was strong in the mid-1990s, but the Swedish economic crisis brought a halt to new housing and an end to such critique. In 2004, strong debate concerning housing in Nyköping has begun anew.

Furthermore, the Municipality of Nyköping, together with the neighbouring municipalities, the County of Sörmland and local commuter organizations, are all quite eager to establish a high-speed railway between Stockholm and Nyköping, though the Swedish Government has yet to make a final decision on this matter. The railway connection is in generally poor condition at present, with no high-speed trains on the line. A high-speed railway would set the travel time to central Stockholm at about 40 minutes instead of the present 60 minutes. The Municipality has established a company to develop this project as well as participating in the project on a transnational basis in the Europa-corridor network.

Image building as a main tool in the local growth strategy

Investment in image building is a main tool in



Photo: Nyköping Municipality ©

Nyköping's growth strategy, and it has been one of the first Swedish municipalities to establish a marketing department. The city has decided to devote significant resources to attracting those living in Stockholm who are considering moving away from the city to calmer surroundings. Investing massively in newspaper advertisements in large Stockholm newspapers and making »open city« arrangements, aimed at the main target groups in particular, i.e. families with children, singles and the +55 generation, especially from Stockholm. *»Within commuting distance, but still at safe distance«*, is one of the phrases connected to the »Nyköping brand« that the city is working to promote in their housing campaign. For Nyköping, the objective is to reduce the substitutability with other similar cities in the Stockholm-region and to reach the »point of difference«, where people choose Nyköping instead of one of the other cities. Promotion efforts have been concentrated on a housing campaign aimed at

New housing areas

The future expansion of Nyköping will principally take place in Arnö. The size of these as yet unplanned areas in Arnö is comparable to the size of the already existing town. Possibilities for expansion are otherwise limited.

Arnö is situated on the opposite side of Stadsfjärden and is regarded as a secluded section of the town. To render Arnö a part of the town, it is crucial that the new residential areas reach and are visible from Stadsfjärden. The opportunities to create a waterfront along the bay in Arnö should also be considered.

Plan review

Arnö offers the only potential for expansion in the town. The buildings alongside the bay in Arnö must be visible from the town, as this is important in the attempts to make Arnö an integrated part of the town.

The planned construction on the hills above Bastenshäll and Intaget can be increased significantly by a three or four-storey building that will be visible from Stadsfjärden.

Formation

The structure plan for Stadsfjärden includes a garden for the current areas and seaports at Karlslund and Branthäll.

The villages along the waterside at Bärings and Karlslund will be attractions along the long seashore in Arnö. They can become sufficiently attractive to establish various shops and restaurants.

The waterfront buildings should be as close to one another as possible to provide the town with the best appearance. Light colours are preferable, so that during the day the buildings contrast with the dark woods.

At night, the two villages of Bärings and Karlslund will shine. You will feel Nyköping City pulse at both sides of Stadsfjärden – not only on the north side, as is the case today.



Stadsfjärden, with Arnö in the south.

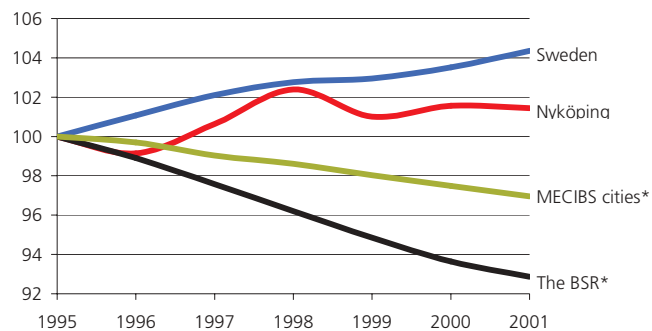
Photo: Nyköping Municipality ©

attracting people from Stockholm, as well as a campaign in cooperation with Ryan Air to attract tourists to Nyköping via Skavsta Airport. Hosting large national sporting and music events in the Rosvalla Nyköping Event Center has constituted yet another angle for promoting the Nyköping brand.

Making important decisions

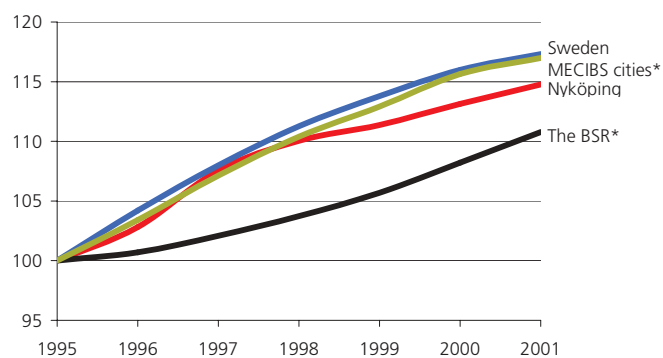
A major feature of the philosophy is that important decisions are made in co-operation with large private companies, e.g. concerning the question of the Ostlänken, where a joint development agreement was made with a company as regards public transport. This has also been the case concerning the development of new housing areas and the expansion of Skavsta Airport. Moreover, the local business development policy is being conducted in an alliance with neighbouring Oxelösund Municipality.

Change in population aged 30-39, 1995-2001
(index 1995=100)



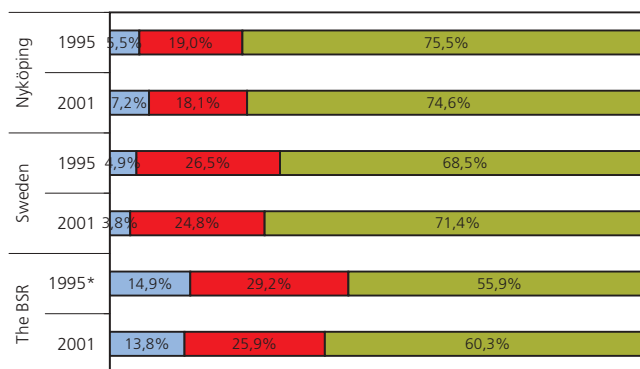
* Excluding Russian areas.
Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.
Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996
Source: National Statistical Institutes and Nordregio estimates

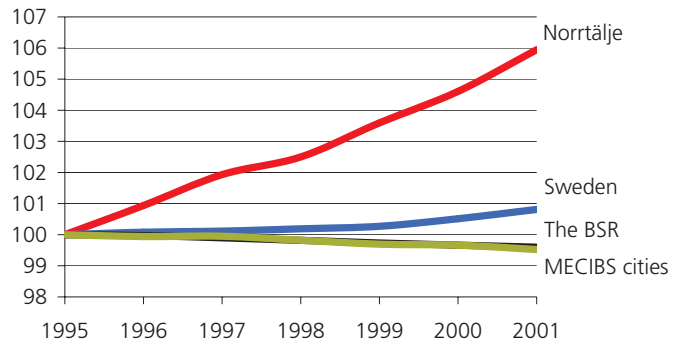


Situated in the sparsely populated region of *Roslagen*, north of Stockholm, Norrtälje is a town marked by dramatic shifts over the course of the year. In the summertime, the number of inhabitants increases considerably, as multitudes of Stockholmers spend their summer holidays in the many cottages in the coastal municipality. Many Swedish poets have resided here, and much literature and many songs refer to Roslagen and the spirit of the »Roslagenpik«, the typical native. For many Swedes, the region of Roslagen, in which Norrtälje is the main town, has good connotations – a strong traditional brand. In recent years, Norrtälje has become further integrated into the Stockholm labour and housing markets. Improvements to the public transport system have been the main reason why Norrtälje has become an attractive residential town for commuters working in Stockholm.

Demographic tendencies and regional enlargement

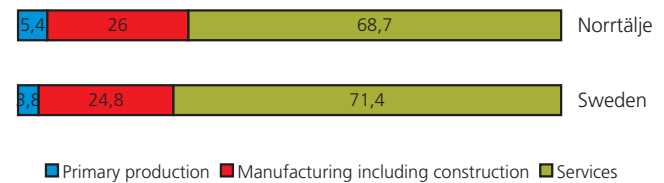
The motorway to Stockholm built in 1996 was an important factor in further integrating Norrtälje in the Stockholm labour market region. Improvements to the public transportation system have also made it

Change in population, 1995-2001 (index 1995=100)



 **NORDREGIO**
Nordic Centre for Spatial Development

Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Norrtälje in brief

Population in Norrtälje Municipality: 54,366 (2004)

Distance to major centre from Norrtälje: Stockholm 64 km

Large urban development projects: Campus Roslagen (2002), town development (2005), harbour area (2006),

Most important employers:

Norrtälje Municipality (public service): 3500 employees

Stockholm County (health care): 1000 employees

Hallsta Paper enterprise (paper mill): 9500 employees

NOTE (IT products): 250 employees

Simonsson (laundry enterprise): 220 employees

easier for commuters to get to and from Norrtälje on a regular basis. High housing prices in the central parts of Stockholm have rendered Norrtälje attractive as a residential town. However, the price of housing in Norrtälje has more than tripled in less than five years. One reason for this has been a fall in the construction of new houses in Norrtälje. The municipality has now decided to speed up the planning for new residential areas to welcome investors and new residents.

Increasing number of elderly residents – a challenge and an opportunity

Many summer cottages in the municipality are changing their legal status to year-round residences, making it possible for many elderly people in particular from Stockholm to move permanently to Norrtälje for their retirement. This could raise the number of inhabitants considerably; however, it could also result in greater needs for care, social services and municipal transport services, since a great proportion of the summer cottages are remotely situated in the countryside. The new generation of seniors could also increasingly demand new activities in the future.

Employment and local business development tendencies

As a consequence of being a popular tourist region – mainly in the summer period, but increasingly in longer periods throughout the year – many local enterprises are making the most of their annual turnover in the summer season. Seasonal fluctuations in employment are also high. There have historically been few large enterprises in Norrtälje, among them

the paper mill in Hallstavik in the northern part of the municipality. The majority of enterprises in Norrtälje Municipality are generally small, owner-operated companies, particularly craftsmen who depend on the local »summer cottage economy«. Another trait is that many entrepreneurs live in the summer cottages.

Further integration within the Stockholm labour market means that the general development of the municipality is less dependent on local employment and business development than was the case in the past. Local companies also attract employees from other parts of the Stockholm region.

However, regional enlargement has also had a downside for Norrtälje. County politicians have argued for the closing of the hospital in Norrtälje. While the outright closure of the hospital seems to have been avoided, the plans are for the hospital to be reduced to an emergency unit. 250 employees will most likely be transferred to a larger hospital in Danderyd, closer to Stockholm. This would also mean the closing of the nursing school in Norrtälje. Local politicians and the local community have protested strongly against these plans.

Successful area conversion provides new perspectives

The decision made by the Swedish Ministry of Defence to close the local military airport in Norrtälje in 2001 has had a more positive outcome. Although Norrtälje lost 240 jobs with mainly high education profiles (officers), the barrack area has undergone a very positive conversion process and is

now being used for new purposes. The Municipality of Norrtälje and NIHAB – a co-operative development venture established by the municipality in the late 1970s – bought the area and has quickly been able to convert it into a promising campus area. Educational institutions from outside Norrtälje have been attracted to the new *Campus Roslagen*, housing facilities for students have been established, and private enterprises, especially in the ICT sector, are also locating to the area. *The Nordic Retail College* (NDH), a new branch within the University of Stockholm, thus far represents the most important new institution to move to the campus. The idea to establish NDH – a four-year programme educating civil economist specialising in retail – was partly a product of a »brainstorm« from representatives from the Municipality of Norrtälje and NIHAB immediately after the closing of the military airport. The idea of the campus was presented to the University of Stockholm and large enterprises such as IKEA, ICA and H&M in the Swedish retail sector. The idea was warmly welcomed, and in the autumn of 2002, less than 1½ years after the closure of the military airport, the first students began studying at NDH. The retail enterprises are partly funding NDH, and many of the lecturers are employees in the partner-companies. Students are being drawn from all over Sweden.

The ambition for Campus Roslagen is not to compete with the many other colleges and universities in the Stockholm-region; instead, they are aiming to complement other institutions of higher education and establish strong networks and partnerships with them.

Campus Roslagen – a good example of an initiative to stimulate development in Norrtälje

Campus Roslagen has been founded on creativity, opportunities for academic education, student housing and businesses focusing on the following vision:

- Creating a Competency Park
- Offering an arena and meeting point for a range of different universities, colleges and other educational institutions
- Developing new demand-oriented educational programmes

Campus Roslagen was established in 2001, subsequent to the closing of the local military base. Campus Roslagen now offers an array of different spaces and suitable infrastructural facilities for educational institutions and companies located in a very attractive environment area by the sea near Stockholm.

The distinguishing feature of Campus Roslagen is that it is close by – close to water, to the archipelago, the town centre and to Stockholm.



Most importantly, however, it is close to people and networks. We see how companies – working together – can achieve great results, with Campus Roslagen as a guarantee for an expansive, research-based and proficient climate. Campus Roslagen's unique concentration as part of an interdisciplinary agenda facilitates exciting combinations, which stimulate people to become creative problem-solvers. Thus far, these facilities have attracted the establishment of the following educational programmes on Campus Roslagen:

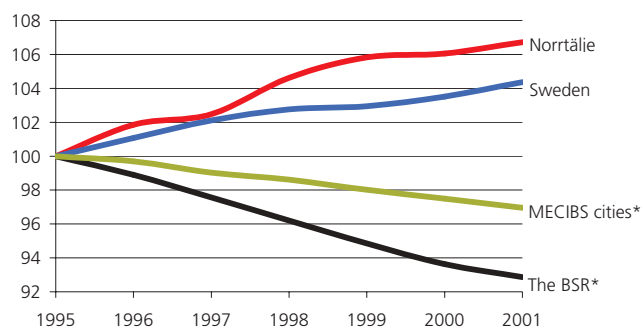
- Nordic Retail College – NDH founded by the major retail companies and the University of Stockholm
- Nursing college (part of the Karolinska Institute)
- KTH:s Applied Finance Institute, founded by a group of banks and the Royal Institute of Technology
- Custom College, headed by the Swedish Custom Board
- Norrtälje Education Centre (municipality)
- Swedish Centre for Optometry (private)
- Travel Education Centre (private)
- Art School, Foundation of Gerlesborg

The basic idea behind Campus Roslagen is more reminiscent of an American campus structure than

anything Swedish. On Campus Roslagen, one may find student apartments immediately adjacent to the educational and conference facilities, companies and sporting facilities. The location and leafy park surroundings are inspiring. The organic architectural planning of Campus Roslagen further reinforces the creative atmosphere, as do the recreational facilities. There are recreational areas and fine bathing, hunting and fishing facilities along the banks of Lake Lommaren. At the moment, roughly 500 students are studying at the Campus. This figure will have doubled within three years. Some 29 companies and businesses with approximately 200 employees have established themselves thus far.



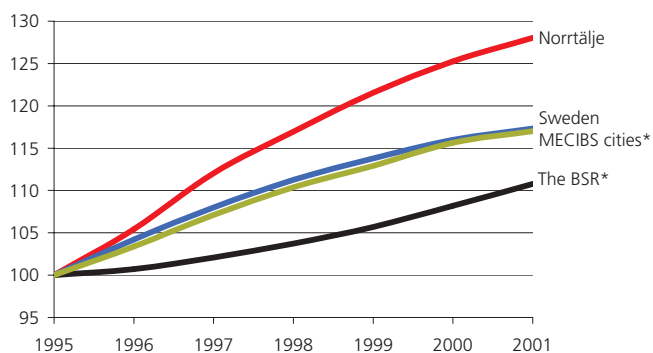
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

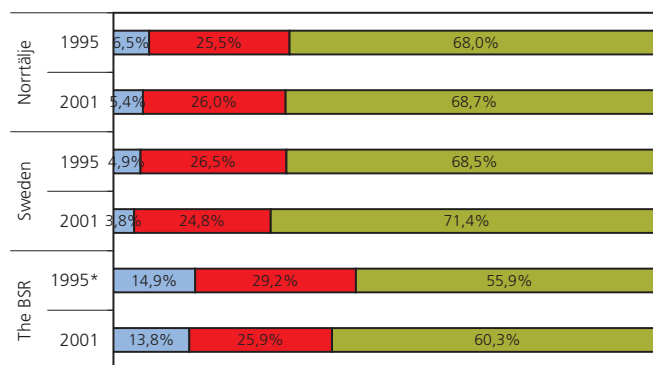
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

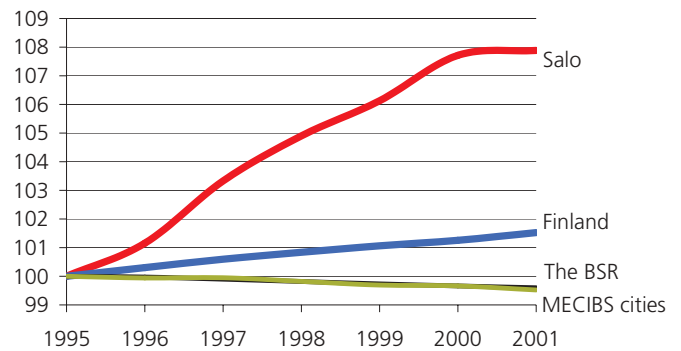
Source: National Statistical Institutes and Nordregio estimates



The city of Salo is situated along the »E18« Turku-Helsinki corridor. This road connection, which will soon meet European motorway standards in both directions, is complemented by a railway line offering several daily connections. The nearest international airport is in Turku. Salo is the centre of its own functional urban region, encompassing 11 municipalities.

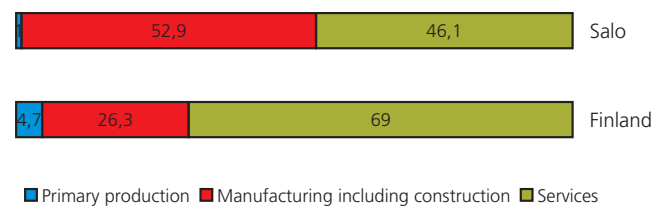
Salo's industrial success has its roots in the 1920s, when the first »crystal radios« were produced in the town. The industry picked up, albeit on a small scale, with many rivalling and co-operating producers during the 1920s and 1930s. Innovation subsequently led to the »tube radio«, and the next phase in production was the television, in the 1960s. Salora was responsible for continuing the local electronics traditions and converted it into a large-scale production. In the 1980s, Salora was overtaken by Nokia, and development of radiotelephones led to the invention of the Nordic Mobile Telephone (NMT) system, and later the GSM. These turned out to be global success stories, making Nokia cellular telephones one of the most

Change in population, 1995-2001 (index 1995=100)



NORDREGIO
Nordic Centre for Spatial Development

Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Salo in brief

Population in Salo Municipality: 24,795 (2003)

Annual growth in population: 4.3%

Unemployment: 10.3%

Urban functions: own functional urban region: The District of Salo

Distance to major centres: Turku 50 km, Helsinki 120 km

well known businesses in the world. Likewise, the electronics tradition was carried on by the sub-contracting firms as well as with Nokia's small yet potent local competitor, Benefon.

While Salo had not experienced a crisis prior to Nokia's success, it did experience the unprecedented growth of business activity and prosperity as a result. Many electronics firms have located to Salo, along with e.g. plastics.

Salo has prospered recently on account of tax revenues from Nokia; however, the Finnish Government has tightened the national taxation redistribution rules in recent years, somewhat dimming Salo's economic future.

However, Salo has a good point of departure for achieving its strategies. These strategies aim at ensuring high quality and coverage of municipal services in social, educational, cultural, recreational and infrastructural spheres, as well as enhancing regional co-operation, operationalizing sustainable development, carrying out development corridor partnerships, and generally providing high quality living environments. For many »ordinary« cities, such strategies would be wishful thinking; for Salo, they are challenging but clearly feasible. This has been demonstrated in the field of sustainable development, where the »Green Valley« project has been marked by substantial success, as well as recreation, where a golf course, sports hall and



riding centre have been located slightly more than one kilometre from city centre.

Economic aspects

Employment in the electronics industry has increased rapidly over the last five years. For instance, Nokia has taken on an additional 1000 employees during this period. Salo is highly dependent on the electronics industry, especially on demand for telecommunications equipment. Nokia is the leading producer of mobile telephones on the world market and the future looks bright, even though current growth rates are not as rapid as was the case in the 1990s.

The dramatic growth of the electronics industry has resulted in a shortage of employees with planning and engineering backgrounds since the end of the 1990s.

Demographic and geographical aspects

Salo has been one of the »winners« of population development, the city being characterized by high levels of immigration through most of the 1990s. This current has slowed over the last few years. The demographics reveal that the most rapidly increasing age group is the segment over 65 years. The proportion of foreign citizens is also high, partly because Nokia employs a large number of different nationalities, though also because there is a refugee centre in Perniö, a nearby municipality. Being the closest city, Salo attracts many of these refugees.

Social aspects

The healthy labour market situation has drawn many people to Salo. The negative aspect of this situation is that such people have limited social networks (e.g. for babysitting problems, loneliness, etc.). The foreign nationals in Salo constitute a group that is quite disproportionate compared to other small Finnish cities. This group is very heterogeneous, ranging from international experts employed by Nokia to refugees. Many elderly people have also moved to Salo. This entire situation has forced the city to increase its means of providing services for both families with children and the elderly. Drugs and drug-related problems have also become much more common than was the case during the 1990s.

Environmental aspects

Most of the environmental problems are not unique to the city of Salo; they are rather common for most of the cities in southern Finland. The increasing amount of blue-green algae in the Archipelago Sea is hindering recreational activities in sea areas. There is one large land area (8-9 ha) contaminated by a previously existing junkyard. As far as is known, Salo is dealing with difficult toxins (e.g. PCB, Pb, different oils). The plans for the near future are to build small houses in the area. Moreover, one of the most important industrial areas neighbours an area with small housing. The problem is VOC and output from the industry. The contradiction between these two functions needs to be solved quite soon.

Due to Salo's situation as a workplace for a large



number of people from the surrounding area, increased traffic appears unstoppable. Salo hopes to find an efficient means of supporting the development of local train traffic.

Land use aspects

Salo is currently in the process of updating its master plan from 1988. Since the early 1990s, the economic growth rate, increased employment and population growth have exceeded expectations. The

City is experiencing traffic problems and requires new industrial and commercial areas. Salo has fair reserves for residential areas, but some of them are quite distant and not particularly attractive. The main urban planning challenges are thus to define a strategy for urban growth, develop the city centre, and create attractive housing and business areas (partly by converting the existing industrial areas). As a basic strategy, Salo ought to take better advantage of its coastal location.

Main strategies for attaining primary objectives

The local politics are consensus-oriented, partly due to the composition of the City Council (left-right

balance with small groups potentially playing a decisive role), but mainly due to the fact that the well-functioning division of labour and co-operation between the top civil servants and the City Council produces what appear to be well-prepared strategic and operational solutions. The Municipal Director is a key figure in drawing up and implementing development policy.

Saló's strategy is to further develop the city as a specialized electronics centre. Higher professional education is a high priority, and the city takes good care of its public services. Development is based on co-operation with the other regions in the district.



Viitannummi – new concepts for housing

The community of Viitannummi is located approximately 3 km from the Salo city centre. The area consists of 80 ha of city-owned land near the seashore. This new residential area is Salo's first step to approaching the sea; in the past, the industrial areas alone have been adjacent to the seashore. Moreover, novel participation mechanisms have been tested in a subdivision of the development.

Viitannummi is located in attractive surroundings with forested hillsides near the sea. The starting point has been to provide the basis for high quality housing. The general guiding principle for planning has been to offer dense-and-low type of houses and apartments.

Asuntosäätiö (Housing Foundation) created the general plan for the area in 2002. The initiative for the participatory actions, however, came from the Salo Town Planning Department.

The Viitannummi project draws on an experimental participation method in which nine families are influencing the planning and construction of their subdivision from the very outset. These nine families have reserved a property by paying a fee of a few hundred euros, thus providing them with the opportunity to influence the guidelines for modes of building in the midst of the building process. A very thorough approach was used in Salo. Eight households had 13 meetings, which enabled a form of mutual learning process for all participants. There is also a strong connection with the Green

Valley project in Viitannummi. This means not only building an environmental info point in the area, but also adapting the central principles of the environmental strategy and management plan. Applying the Green Valley values means that construction must fulfil specific environmental criteria. These include: approx. 20% stricter requirements on the use of energy compared to official standards in Finland, requirements on the maximum level of water usage, requirement to gather rain water for watering gardens and requirement to build a double water system in every house.

Under these conditions, manoeuvring room remains on the grounds that there are no traditional guidelines for modes of building. The guidelines are usually given 'from above' but in the Viitannummi case, they are made together with the future residents. According to the Mayor of Salo, the project is also working to attract other probable future residents to participate in the more general level meetings and to issue comments on the Viitannummi plans.

The success of the new concept has been almost immediate. The future housing area is regarded as an attractive place to live among Salo residents. Hence, it has not been/ was hardly difficult to attract future residents. Outside of the experimental subdivision, a vast majority of the lots that were put up for sale or lease were also reserved within weeks. The city is already in the process of planning expansion for this development. When finalized, Viitannummi will house approximately 3000 citizens in a high quality garden environment.

Green Valley – sustainability in action

The initiative for the Green Valley Project originated from the Mayor. Salo wishes to be known as an environmentally aware city; a profile that appeals to the employees of the city's high-technology industries. The region proves better than its reputation in regards to environmental issues, but this is not acknowledged outside of the region.

The Green Valley management group includes chairpersons from the City Council and City Board, the Mayor, head of urban planning, head of environmental planning, chairman of Salo's Board of Commerce, a representative from the Business Development Centre for the Salo region, the chair from the business fair organisation, and the Chief Editor from the regional newspaper. The latter has been a particularly significant figure, as he is a key figure in forming public opinion. In sum, it is a background group with representatives from the business community, media and the city organisation.

Numerous different stakeholders were involved in defining the context of the Green Valley project. An open seminar was arranged in connection with the Energy Fair in the Salo region. NGOs, private persons and enterprises were asked to participate in a public meeting to facilitate the creation of Green Valley and to network regarding sustainable development initiatives. Due to the participation of representatives from the business community, the Green Valley project also has a sustainable economic dimension. The aim is to support the

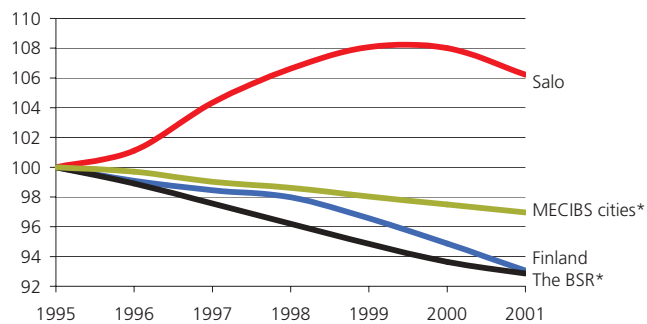
competitiveness of local small and medium-sized businesses and sub-contractors by providing them with opportunity to co-operate with the region's larger enterprises and to utilise their expertise in environmental matters, such as environmental certifications.

The results of the Green Valley programme include realizing the environmental strategy and the operational model for the environmental management of the Salo region, a demonstration of the operational model in the processing of the detailed plan for Viitannummi, landscape management procedures, an environmental database and environmental area profiles, as well as a training and development programme for environmental technology.

Yet another asset added by the Green Valley project is that a wide range of organizations in the city have become involved in local sustainable development activities.



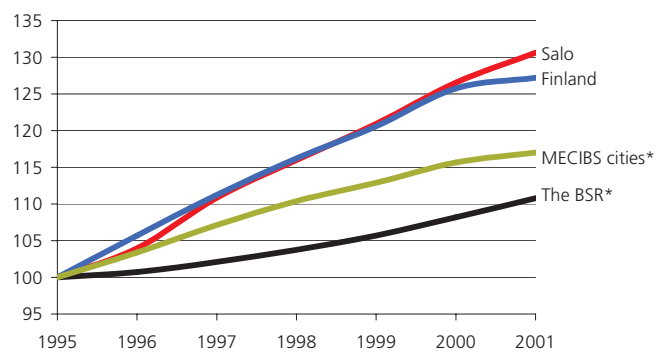
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

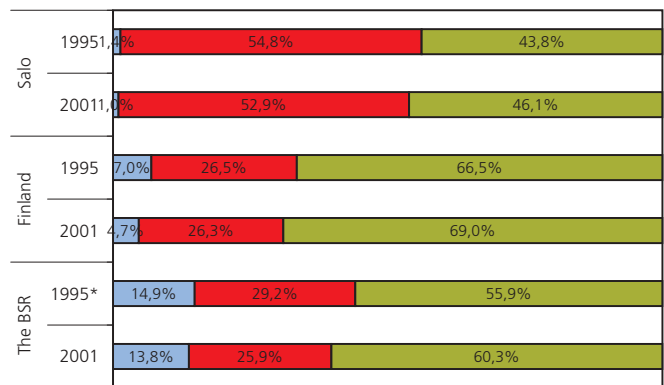
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

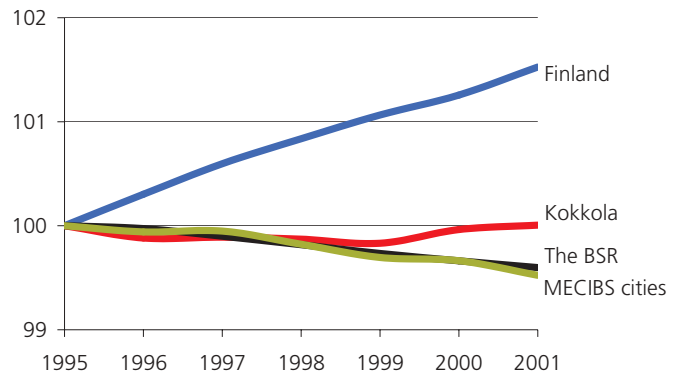
Source: National Statistical Institutes and Nordregio estimates



Kokkola is the commercial, administrative and cultural centre of the province of Central Ostrobothnia. Located near the Gulf of Bothnia, Kokkola has a long history of seafaring and harbour functions. The modern harbour is the main port for bulk cargo in the Gulf, and its new all-weather terminal further enhances its services. There is an international airport 20 km from the city, the main connections being several one-hour flights to Helsinki. The main north-south railway line connects Kokkola with Helsinki, a five-hour trip.

The 20th century was a period of industrialization, including sizeable textile factories. The main phase of recent industrialization was seen in the 1960s upon the establishment of large-scale chemical industry. During this period of industrialization, the population increased rapidly. Restructuring was extremely harsh in Kokkola – approximately 4000 of the 23,000 jobs were lost within a few years. The collapse of the Soviet Union meant the total loss of markets for the textile and leather industries. The chemical industry also became less labour-intensive,

Change in population, 1995-2001 (index 1995=100)



Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Kokkola in brief

Population in Kokkola Municipality: 35,756 (2003)

Annual population growth: 0.1%

Unemployment: 14.3%

Urban functions: regional centre in Central Ostrobothnia

Distance to major centres: Vaasa 130 km, Tampere 290 km, Helsinki 480 km

Main strategic aims: increasing levels of education; developing focus areas of chemistry, laser coating, yacht production and ICT; provision of services; high quality environments



resulting in a gradual fall in the employment in the sector. These coincided with the nationwide depression, creating a need for a new strategy.

Politically, restructuring has united the council across political as well as linguistic lines, resulting in long-term commitment to development policies. Kokkola and its most important development partners have been able to create a common will for development activities, a fact visible in the coherence of strategies adhered to by the city as well as educational and

research institutions. New service jobs have been established, but employment has also increased in sectors requiring highly skilled experts – e.g. in chemistry, metals and machinery, and lately in ICT. The operational possibilities available to enterprises have been enhanced, which has resulted in increased population, creation of new jobs and the establishment of new businesses at rates in excess of the respective national averages.

The main strategic choices were made in the mid-1990s, when it was decided that the future strengths should be found within the sectors that are already present in the urban region. Chemistry technology, laser coating, yacht production and ICT – both as an independent sector and supporting the others – were identified. Regional co-operation has been organized in pursuit of these strategies, even collaboration across regional boundaries. State programmes have provided the impetus for co-operation, and resources have been secured from multiple sources. The University Centre in Kokkola is networking with the nearest universities as well as with other educational institutions in the region. The city has assumed a strong role in the provision and financing of operational platforms.

Economic aspects

The municipal economy has been on a slimming course since 1998, and the results are showing. While the operational budget has a slight deficit, the overall economic situation can be considered to be fair.

The backbone of the economy has constantly been the basic, traditional industries, such as chemistry

and machinery. This has been noted to have provided a stepping stone for the SMEs, but despite this and regional entrepreneurial traditions, there is still a shortage of SMEs. Growth in industrial services, including maintenance and logistics, is perceived to be a positive sign of economic development.

Demographic and geographical aspects

The population has increased slightly throughout the 1990s and early 2000s. The natural demographic development has been positive, whereas out-migration has been the main cause of concern. Recently, the migration balance has also levelled. The population is younger than the national average.

Social aspects

As in many MECIBS cities, unemployment has possibly proved to be the most difficult social issue to tackle. Unemployment has fallen over the last decade, but frustratingly slowly. Thus, long-term unemployment has resulted in prolonged poverty for individuals and families, as well as an increase in municipal welfare spending. The economic strain on the municipality has been exacerbated by increased demand for services for the elderly and the expansion of pre-school education.

Environmental aspects

The primary environmental problem is rather poor air quality in certain circumstances and places, which is partially caused by our seasons, the melting snow, our coastal location, and traffic. Air quality was poor in the beginning of the 1970s, the result of industrial effluent, which can still be seen in the nature. Air

quality has improved considerably as a result of the lower proportion of sulphur in the air. As far as water is concerned, the most significant worries consist of the risk of groundwater contamination, large chemical transportation on unprotected areas such as ground water reservoirs – situations mainly in connection with accidents or the like. Wastewater emissions from the countryside into the natural drainage system are also a relative problem. Contaminated soil becomes quite important when former industrial areas are to be converted for other uses, e.g. when former storage areas for liquid fuel are restored.

Land use aspects

In the view of the city, there are no major problems. The former quarters for wholesale trade and industry will soon be put to new use. There are no problems regarding land use for commercial purposes. Building



sites can always be found for housing construction. In the near future, however, the need for new areas with small houses in company (co-operative) form will increase. On this background, a “Sea Kokkola” project is under consideration – the planning of a new area on the seaside. In land use planning, greater notice should be taken in advance to ensure that the soil in question is suitable. Commercial expansion is focused in the centre of the city.

Politics in transition

In Kokkola, the breakdown of the local industrial base in the early 1990s was so severe that it actually united the local political field. New strategies for survival and development were demanded. Civil servants have experienced long-term commitment from the City Councils; trust has been displayed throughout the process, even in the face of minor

setbacks. Contrary to fears, the linguistic barriers that can be quite problematic in the bilingual regions have not proved a hindrance. According to the local sources, this is a direct result of the open discussion culture developed during and since the “crisis” period of the 1990s.

Main strategies for attaining primary objectives:

- Development of and investment in education and research in the key sectors
- Efficient use and directing of EU financing
- Investment in work environment arrangements within the key sectors
- Establishing a regional development company
- Efficient infrastructure planning
- Regional strategy for service production
- Citizen participation in city planning



Marine-Kokkola and vivid city centre

For centuries, land-raising and sea erosion have created magnificent phenomena in the nature in and around Kokkola. In the 16th century, the city port was located in the centre of the city. Today, the seashore has eroded 1.5 km of the original shoreline, and the port in Kokkola is now 5 km from the centre.

Kokkola aims to reintroduce the marine aspect to the city and the living environment. The city is quite intent on drawing the settlement back to the Vanhansatamanlahti seashore area. An obsolete garrison area on the seashore has made this plan possible by releasing the area for other use. The plan is to use the area for the construction of high quality housing and recreational activities along the seashore.

At present, a new land area has been formed at the Vanhansatamanlahti area by raising the shoreline with dredging material. A new residential community has been planned for this area, scheduled to be taken into use in 2011. The residential area, which is located directly on the seashore, will provide a fantastic living environment.

The other major plan intended to change the physical environment in Kokkola is to form a pedestrian-oriented centre. This will entail the conversion of the three most central city streets into a promenade, or at least a pedestrian-oriented area with limited traffic.

The fact that commercial enterprises in Kokkola are radically shifting has contributed to this plan. Fortunately, the large commercial units will be preserved in the centre, but are transferring the consumer flow to different parts of the city centre. In connection with this plan, city planning and construction aims to direct cars to parking facilities around the city centre. At the same time, the city centre will be built to form an attractive and comfortable living environment.



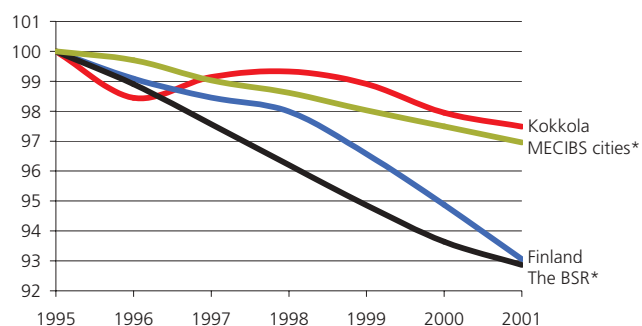
KETEK - managing knowledge and business development in the region

KETEK is the Technology Centre in Central Ostrobothnia. KETEK's areas of expertise are applied research and development in the field of technology, which promotes regional development, technology transfer, innovation, and business services for enterprises. Research and development as well as technology transfer all focus on the industrial application of chemistry and production technology of engineering; with special focus on laser coating and yacht manufacturing technologies. KETEK offers versatile development, analysis and testing, as well as innovation services for companies, groups of companies, municipalities and private persons, also outside of the focus points.

KETEK also administers and co-ordinates the Centre of Expertise Programme in the Kokkola Region. KETEK is a business unit of the Federation of Education in Central Ostrobothnia. The KETEK mission is to develop companies in order for the companies to contribute to the development of the region. Through its position as the chief stakeholder in the Federation of Education, the City of Kokkola is the major owner of KETEK and the biggest local financing institution. Others include the City of Pietarsaari and the KOSEK and Concordia development corporations. KETEK is also involved in the operationalization of two Regional Development centre programmes in the Kokkola and Pietarsaari regions. It represents a unique hub between »competing« programmes, offering new possibilities for broader co-operation within a larger region.



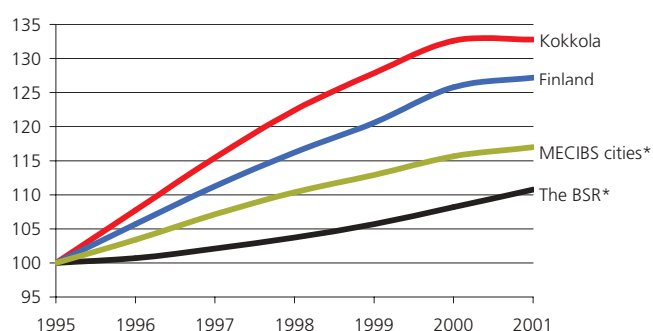
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

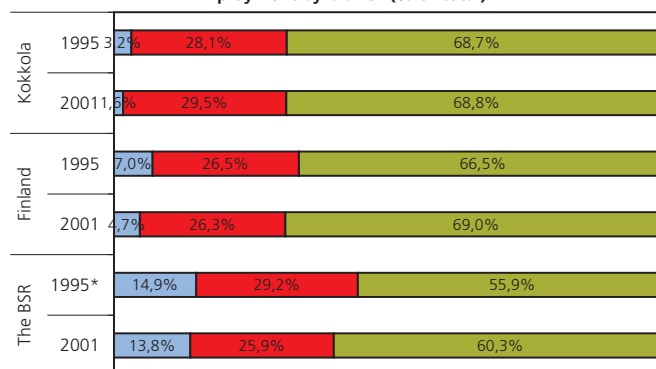
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

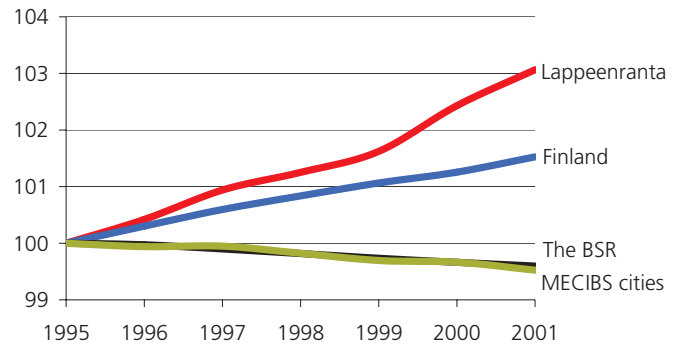


Photo: Hannu Vallas. City of Lappeenranta ©

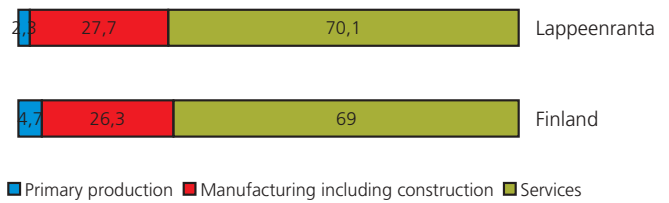
Lappeenranta is situated along the Helsinki - St.Petersburg corridor, and the main railway connection between Finland and Russia crosses the border south of the city. There are two road connections to Russia, with border crossings 15 and 30 km from the city. In addition, the Saimaa Channel connects Lappeenranta with the Gulf of Finland through Russian territory, passing by the city of Vyborg. There is a domestic airport within the city itself, just 3 km from the market place.

The City of Lappeenranta underwent industrialization at the end of 19th century. Karelian wood resources combined with power from the rapids in the Vuoksi River led to the establishment of a large-scale chemical and mechanical wood processing industry in the region. Complemented with chemical and steel industries, the area was known as »The Ruhr of Finland« in the early decades of the 20th century. World War II cut the positive trend, ultimately dividing the region and resulting in the loss of industrial facilities, strong changes in the direction of activities, and new proximity to the Russian border.

Change in population, 1995-2001 (index 1995=100)



Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Lappeenranta in brief

Population in Lappeenranta Municipality: 58,897 (2003)

Annual growth in population: 0.6%

Unemployment: 13%

Urban functions: regional centre of South Karelia

Distance to major centre: Helsinki 220 km

Main strategic aims:

- Lappeenranta creates the prerequisites for the welfare and qualitative life of its inhabitants. The city promotes and strengthens employment and co-operation with private companies and other partners by:
- creating competitive and international atmosphere and facilities for business
- strengthening the vitality of the entire South Karelia region.



Photo: Seppo Pelkonen. City of Lappeenranta ©

From the 1970s onwards, the wood processing industries have changed qualitatively, meaning a loss of roughly 5,000 jobs in the region. The city suffered severe problems because of the loss of industrial jobs in the 1980s. The economic depression of the early 1990s marked the low point in the city's labour history, with unemployment exceeding 20%.

The recovery has meant better economic figures, but unemployment remains relatively high, although improved. Demographic changes have also primarily

been in a negative direction. Most municipalities are losing population to emigration. Only Lappeenranta has proven capable of halting the current, at least until now.

Today Lappeenranta represents the most important growth centre in south-east Finland. This growth is based on:

- The University of Technology and The Technology Centre
- The forest cluster
- Services and trade to Russia
- The city's active economic development policy

Two major events have strongly affected the role of the city since 1991: the opening of the Russian market in the early 1990s has provided the city with new opportunities for co-operation and provided business opportunities. Finnish accession to the EU in 1995 not only meant the relaxation of the economic framework in general, but also that the region became the EU's most important land frontier to Russia. This has further enhanced activity as well as interaction. Lappeenranta perceives its Russian connection as becoming more important in the future; however, there are now numerous candidates among the new EU countries vying for this same role.

Economic aspects

Due to the economic depression in Finland in the 1980s, Lappeenranta lost approximately 5,000 jobs. In the mid-1990s, the city was also severely hit by unemployment. From 1993-1996, the

unemployment rate exceeded 20%. The decline has been particularly remarkable regarding industrial jobs, whereas growth has primarily taken place in services, though also somewhat in high-tech companies. There has been a job increase of about 2500 over the last five years, and the present unemployment rate has decreased substantially as a result of this development.

There have not been any major changes among the most important employers in Lappeenranta in recent years, aside from new ownership arrangements. Over the last ten years, the forest industry has invested approximately 1,500 million Euro in the South Karelia region, and there is reason to believe that the region will be one of the leading forest cluster areas in the future.

Due to its geographical location, there is also reason to believe that the importance of trade with Russia will grow. The City of Lappeenranta has been very active to this end by establishing a Free Zone, developing the services offered to Russians. Further, the number of high-tech jobs and jobs at the university (1350 jobs in total) is expected to double in the next ten years. The City of Lappeenranta is also active in this field and is the main owner of the Technology Center Kareltek.

Demographic and geographical aspects

Lappeenranta has undergone steady population growth; however, it has come at the expense of the regional population. The regional balance is negative, which has given impetus to the notion of uniting the regional resources by way of the

formation of »The City of Saimaa«, with more than 100,000 inhabitants. This is hoped to be a large enough unit – be it promotional or functional in nature – to attract jobs and inhabitants from outside of the region.

Social aspects

Due to the high unemployment rate, social welfare expenditures have exceeded the city budget for several years. Alcoholism is widespread and the number of drug abusers is increasing.

Environmental aspects and land use

In the past, the forest industry has caused considerable pollution problems. Today the industry has invested in environmental arrangements that have already produced obvious positive results. The municipalities of South Karelia have joined forces



Photo: Seppo Pelkonen. City of Lappeenranta ©

to establish a joint waste disposal company.

There have been severe local problems with badly polluted soil and the disposal hereof when the use of land has shifted from industrial to housing and living purposes.

Main strategies attaining primary objectives

The most pronounced political transition in recent decades has taken place after the 1990 council elections, when a non-party local movement claimed nine seats in the 51-seat council. The balance of political power had previously resided in the agreements between the three largest parties (Centre, National Coalition, Social Democrats). Nationally, the perception in the 1990s was that a shift had occurred from cabinet politics to a more open dialogue. In Lappeenranta, the new group further accelerated this development.

The strategies stem from the notion that a municipal economy must be in good condition to enable the operationalization of other strategies. The economic strategy is therefore the foremost starting point for all strategies.

Note is made in economic strategy that sound economy is one of the pillars of sustainable development. Only income-based budgeting in service provision will enable steady, economically sustainable development.

In business strategies, the foci are in strengthening the positions as a Centre of Excellence and a Development Centre (according to the national

programmes), increasing the regional business policy cooperation and deepening the cooperation concerning the Northern Dimension within south-west Finland.

The welfare strategy will, in turn, advance the quality of life and health, ensure welfare services, enhance capabilities to work and act, activate participation, support welfare technologies, and maintain safety.

The cultural strategy will place the youth in special focus. Strategy on housing and the environment aims at strengthening the image of Lappeenranta as one of the most beautiful cities in Finland.

Construction will grant consideration to both landscape issues and the needs of the business community.



SAMMONTORI – meeting place for the unemployed and immigrants

The »Sammontori meeting centre« project aims at advancing the social functioning and safety of the local community in East Lappeenranta. It is also intended to make good use of information technology, improve local services, and contribute to the renovation of the surroundings, including residential buildings in the area.

The project is organised by the City Government's suburban-commission, and the activities are run by the »South Karelia work and meeting-place« association, in co-operation with the employment agency, city social services, housing welfare services, local church deacons providing care for substance abusers and prisoners, the residents association, as well as city units on housing, youth and technical services. Financing has been provided by various means throughout the existence of the project – most recently by the Ministry of Labour.

Activities include weekly visitors from various city offices, Internet services, a Parents Café for parent-to-parent discussions, luncheons, recreation, a club for Russian-speaking inhabitants, as well as multicultural cooking courses and gymnastics. In the summer there is also a »Bike park« for borrowing bicycles for a couple of hours.

The centre has been in existence in one form or another since 1996, in its present location since 2000. Visitor statistics in the centre have risen annually, even if the financing has not been increasing. For the employees, it has offered long-term learning: »I have worked...six years only to learn what [the visitors] need.«

Business promotion

The goal specified for the Lappeenranta business strategy was to make Lappeenranta the foremost growth centre in all of south-east Finland. This work was a great success. The objectives were converted into concrete projects, which the City Council monitored. The most important projects serving the strategic goals were:

- Development of Technology Centre Karelska, reinforcement of expertise and the University of Technology, and an increase in the number of jobs in the high-tech industry.
- Development of the Mustola Harbour and Free Zone Oy Ltd, as well as an increase in the number of jobs relating to Russian trade and Lappeenranta's border status.
- Development of the old part of town within the fortress and the tourist area of Kaupunginlahti.
- Diversification of business and development of SMEs.

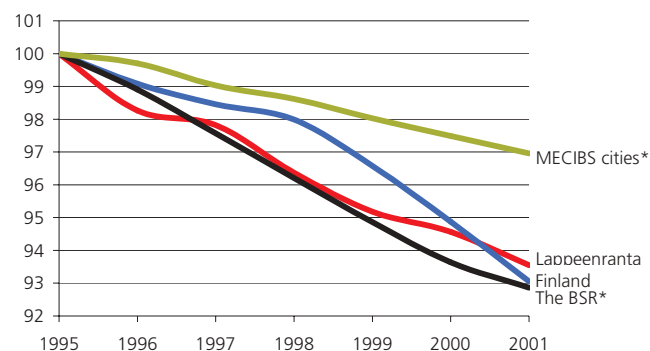
Financial support provided by the EU Objective 2 Programme for South Karelia played a vital role in the implementation of the business strategy. Projects launched by various units of the City of Lappeenranta alone have created 500 new jobs between 1995 and 2004. Approximately 200 of

these jobs were created at the Technology Centre and approximately 100 at the Mustola Logistics Centre.

Moreover, the local population has provided much positive feedback for the renovation of the old buildings within the fortress for use by different cultural organisations, leisure activities for the youth, and for handicraft and stone-working entrepreneurs. Tourists favour the Kaupunginlahti area, and our marina was elected the best marina for visiting boats in Finland in 2003. Tourist revenues experienced a steep rise in the summer of 2004, as families also chose Lappeenranta as their summer resort, for instance thanks to the enchanting sand castle and art museum exhibitions relating to Russia and Czar Nicholas II.

Without financial support from the EU, the Lappeenranta investment opportunities alone would have been less than half of the actual total costs of 70 million Euros in 1995 to 2004. Lappeenranta is especially satisfied with the long-term employment impacts resulting from the investment projects. At the same time, these projects have either accelerated the physical construction of workplace areas, or they have been used for promoting the achievement of cityscape objectives and for renovating valuable old buildings.

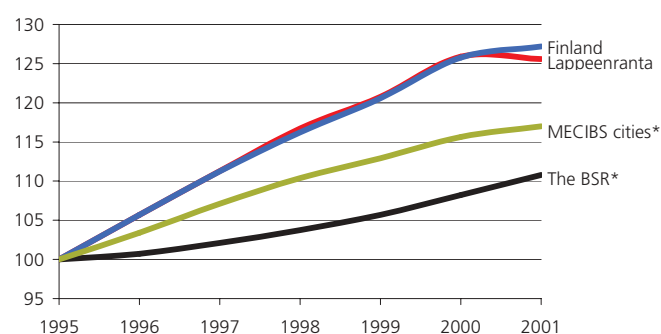
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

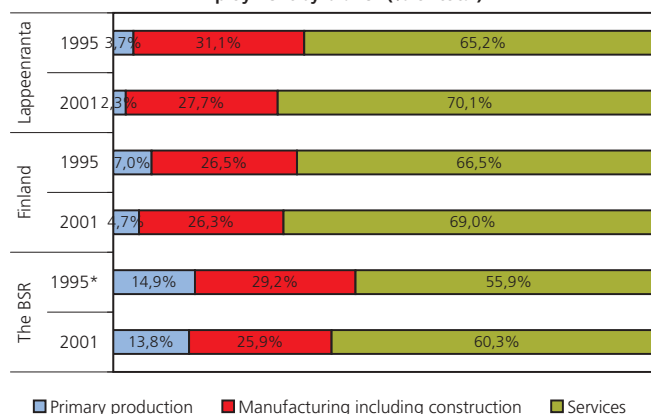
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

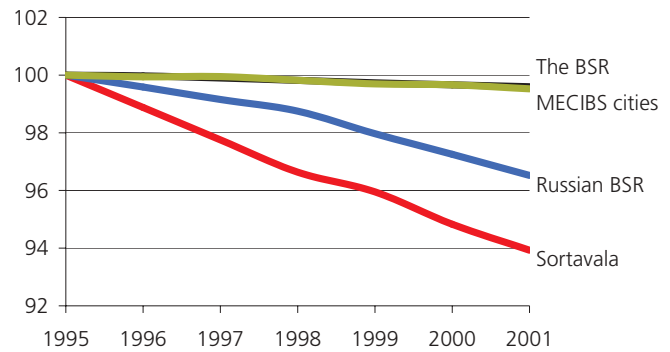


For ages, the Sortavala area has been an attractive place to live due to its exceptional geographical location, as well its abundant and beautiful natural surroundings. Documents indicate that the town was officially founded in 1646. According to the Nischtad Peace Treaty of 1721, the town was transferred to Russia and renamed Serdobol. In 1783, by decree of Katharine II, Serdobol became the chief town of a district in Vyborg Province, and in 1811, together with the entire province, it was passed to the Finnish Grand Duchy. Subsequent to Finland's declaration of independence, the town was renamed Sortavala. As a result of World War II, Sortavala became a part of the USSR in 1940.

The city of Sortavala is located near Lake Ladoga, the largest lake in Europe. There are more than 650 islands in Lake Ladoga, most located in the northern part of lake, near the shores of Sortavala.

Two important rail and highway pass by Sortavala: the St. Petersburg-Murmansk railway and the Joensuu-Petrozavodsk highway. The Russian-Finnish border (Niirala-Värtsilä) lies 70 km from

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Sortavala in brief

Population in Sortavala Rayon: 34,500 (2003)

Annual growth in population: -0.9%

Unemployment rate: 2-3%

Main sectors of employment: commerce, industry, wood producing, tourism, farming, fishing, and fish production

Urban functions: Capital of rayon (municipal centre)

Distance to major centres: Moscow 870 km, St. Petersburg 256 km, Joensuu 140 km.

Sortavala. There is also a railway connection to Joensuu, but it is only used for freight transport. The railway also connects Sortavala to the capital of the Karelian Republic, Petrozavodsk, but this route is also exclusively used for freight. The Sortavala-Petrozavodsk highway is generally in very poor condition, although some sections have been repaired. There is also a small airport close to the city centre.

Public transport in Sortavala consists of a few bus lines and privately owned route taxis, the so-called Marchrutkas. There is a passenger train connection to St. Petersburg and Murmansk every other day, as well as daily bus and route taxi connections to Petrzavodsk and St. Petersburg.

Economic aspects

The territory surrounding the city is rich in natural resources. 28% of all of the resources of facing stone in north-west Russia, including granite, dolomite and building stone, are located in the Sortavala Rayon. The wood reserves are also massive, and fishing has been one of the main branches of the economy in Sortavala for centuries.

In the Soviet era, one of the biggest and most widely known cross-country ski factories operated in Sortavala. In the beginning of the 1990s, this factory was closed on account of economic reform. The second biggest employer in that period was the Sortavala Fish Plant. It remains operational, but the production levels are a fraction of what they were formerly. The Sortavala Fish Plant is the only Russian manufacturer of surimi and surimi-based products, which is made of northern varieties of fish. The primary employer in the city is now the commercial sector. A number of timber plants and companies producing construction materials are also located in the Sortavala Municipality.

One of the most pressing problems is the lack of foreign and domestic investments in the regional economy. For example, there are currently no branches of nation-wide chain stores operating in

the city. The local »Euroset« branch, a national cellular telephone store, offers the only exception. Finnish investors have also yet to discover Sortavala, despite the city's suitable location.

Wages in Sortavala (especially municipal wages) are generally lower than is the case in the larger cities in the Republic of Karelia, which accounts for the lack of educated personnel, teachers, social workers, doctors and administrative personnel in the city. It is difficult to attract educated labour to the city.

The Petrozavodsk state university has one of its branches in the city. Despite this fact, young people tend to move to Petrozavodsk or St. Petersburg when pursuing a higher education. Most of those remaining in the city have little education.

Tourism has developed quite rapidly since the collapse of the Soviet Union. The city features several new hotels, and Sortavala attracts Finnish tourists, especially in the summer. The problem is that there are no other services for the tourists aside from accommodations. Sortavala lacks the restaurants and other services required by tourists. Some travel company owners also believe that some kind of tourist information centre in the city ought to be provided as a minimum.

Sortavala has a very well preserved and consistent historic city centre, with buildings built in the 18th century; however, as most of the buildings date back to the period in which the city was a part of Finland, most of the wooden houses require repairs. Joint restoration projects for Finnish and Russian

architect students have been organized; for example, a gymnasium for girls was restored in the summer of 2004 thanks to one such project. One of the problematical buildings in the middle of the historical centre is an old oil power plant, the tall, black chimney of which can be seen from all over the centre.

Demographic and social aspects

The present challenges include an ageing population, a lack of competent labour, and the migration of young people. The educational level in Sortavala is also quite low.

The most significant social problems are found among the city youth. Sortavala has very little to offer its young people. The city faces a number of serious problems with substance abuse problems

among youth, and there are problems with prostitution and crime. Some social programs have been initiated with the help of funding from Finland.

Wages in Sortavala are quite low, and they are usually paid outside the tax system. This means that the pension funds are not collected for the people working in these companies. The crime-related problems have also yet to be solved. Anti-crime campaigns have been conducted, but co-operation in this regard between the Sortavala and federal police forces is not very efficient.

The unemployment rate is relatively low in Sortavala, but most of the educated labour force has work that does not correspond to their qualifications. Moreover, employment is often quite unstable.



Environmental aspects

There are no significant environmental problems in Sortavala. There is no pollution caused by heavy industry, and the air and water are relatively clean; however, the city's sewage and water cleaning systems are in poor condition. There are no environmental organizations working in Sortavala.

Main strategic aims

The city's natural surroundings are untouched. There are opportunities for various kinds of trekking and hiking in the wilderness in Sortavala Rayon. The archipelago in particular is quite renowned for its beauty. Tourists have already discovered the Sortavala Rayon; nevertheless, the problem is that the city has no services to offer to tourists. They are therefore not leaving any money



in the city itself. Sortavala aims to become one of the main tourist attractions in the area, but several requirements must be met before being able to achieve this goal.

First, the city wants to attract investors to improve tourist services: restaurants, souvenir shops, boating, canoe and yacht rentals, sightseeing tours, museums etc. In so doing, it ought to become easier to attract new tourists from Finland and the St. Petersburg region. At present, the tourists coming from Finland are mainly so-called nostalgia tourists, i.e. elderly Finns who had to leave the region during World War II, or the descendants of such people. Russian tourists are usually interested in hiking around the rayon. They seldom visit the city itself.

The city is participating in a number of EU-programmes aimed at developing tourism. A hiking route was built in Sortavala Rayon two years ago as a result of such a programme; however, the project has had no notable influence on the development of tourism.

Another major challenge concerning tourism is the poor city infrastructure. The roads are in a terrible condition and most of the old wooden buildings are on the brink of collapse. The city centre is architecturally unique and attractive; however, the city lacks the necessary funding to be able to repair these historical buildings.

Another major challenge confronting the City Administration is how to attract new small and mid-sized companies to Sortavala. Many small and

medium-sized Russian cities encounter problems attracting domestic and foreign investors. There are no significant promotional campaigns held on behalf of the city. A massive part of such promotional work lies on the shoulders of individual mayors. Sortavala's mayor is often attending seminars and meetings abroad and in Russia, where he works to promote the city.

Yet another challenge is how to help existing companies work on a more stable basis. Many small companies are now confronted by serious financial problems. Sortavala wants to form some kind of round table for entrepreneurs, but the business community has been very passive in this matter.

During the Soviet era, several large factories were operating in Sortavala. In the beginning of the 1990s, these companies lost their state orders for production and failed to survive the transition to the market economy. One of the tasks that the City Administration must now figure out is how it can possibly awaken such companies.

The municipal economy suffers from a serious lack of funding and the city's economy has stagnated. Part of the problem is that most taxation income goes to the national budget. The factories and production plants remaining from the Soviet era are now only working at 10-15% of their capacity. The land rent system remains inefficient. The transition in Sortavala already started in the beginning of 1990s, but the city has yet to solve serious challenges posed by the transition.

'Datsha of Winter' tourist centre

»Datsha of Winter« is originally a summer cottage that belonged to a Finnish doctor named Carl Johannes Winter. The main parts of the area were constructed in 1909, and the main building was created by a famous Finnish architect, Eliel Saarinen. The area is located eight km from Sortavala, along the shores of Lake Ladoga and in the middle of a large natural park.

A couple of years ago, a Karelian forest company rented the area and the buildings from the City of Sortavala. The company renovated the buildings and infrastructure and built some new modern cottages and other buildings. The same company also owns a mid-sized hotel in the centre of Sortavala. The area has four 6-10 person cottages with saunas. The complex provides numerous services for tourists, and it is possible to rent boats, snowmobiles and bicycles, arrange fishing trips, hiking or other sport activities. The complex also provides various kinds of excursions around Sortavala and to the Valaam Monastery. In the winter, it also becomes possible to visit a Valaam Monastery from »Datsha of Winter« by using an »ice-road«. According to the entrepreneur himself, »It is possible to arrange everything from holidays for a honeymooning couple to large corporate festivities«. The »Datsha of Winter« has become a well-known tourist attraction throughout Karelia, north-west Russia,« and eastern Finland. The »Datsha of Winter« has an agreement with several Russian tourist companies that market holiday trips to Sortavala.

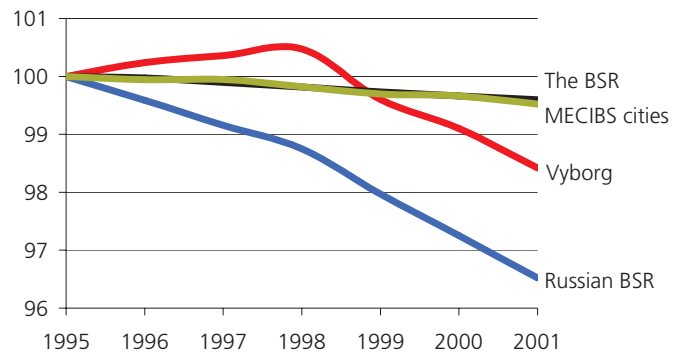


Vyborg is one of the biggest and most beautiful towns in the Leningrad region. It is situated in the north-west part of the Isthmus of Carelia, on the shore of the Gulf of Finland, 130 km north-west of St. Petersburg. The main part of the town occupies a peninsula that is cut by deep bays; the rest is on several small islands. Vyborg is renowned as one of the largest historical towns in Russia.

Vyborg is an internationally interesting and relatively unique example of a North European city – an ancient gateway between East and West. The castle and adjacent buildings form the historical town core. Vyborg's major tourist attractions are the unique monuments of military architecture dating from the period spanning from the 13th to the 18th centuries, the authentic medieval spirit of the Old Town, and the magnificent landscape of Park Montrepos with a 19th century estate.

Vyborg's history dates back to the 11th century, at which time a small settlement appeared at the place now occupied by Park Monrepos. In 1703, Peter the

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Vyborg in brief

Population in Vyborg rayon: 78,000 (in 2003)

Main sectors of employment: ship-building, sea port, timber production, commerce, footwear and electrical industry

Urban functions: Capital of rayon (municipal centre)

Distance to major centres: Moscow 800 km, St. Petersburg 130 km, Helsinki 200 km

Great founded St. Petersburg. To ensure its safety, Peter had to conquer the Isthmus of Karelia and Vyborg – the main Swedish fortress along the Northern shore of the Baltic Sea, which was already built in 1293. In the Spring of 1710, Peter the Great carried out a march to Vyborg. Between 1710 and 1811, Vyborg and the surrounding lands became part of Russia. During this time, Vyborg became a seaport for trade with Western countries.



Subsequent to the socialist revolution in Russia, Russian troops withdrew from Finland and Vyborg. The city belonged to Finland in the interwar period. On September 19 1944, as a result of World War II, Vyborg and the Isthmus of Karelia became part of the Soviet Union.

Geographical aspects

Today, Vyborg is an important transport hub, connected by land to St. Petersburg, Moscow, Karelia, and Finland. The town lies on the international E-18 highway running from Norway via Helsinki to St. Petersburg. Vyborg has a commercial seaport and shipyard. International passenger trains run through the city three times daily. The distance to St. Petersburg is 130 km, and the closest boarder crossing point to Finland is 15 km away. In the summer, there is a passenger vessel connection from Finnish Lappeenranta to Vyborg. The traffic through the city is very heavy, and a ring road was built around the city

two years ago. Unfortunately, this road is already in very poor condition.

Economic aspects

The biggest employer in the city is the Vyborg Shipyard. Shipyard production had declined since the collapse of the Soviet Union, but over the past couple of years, production has again started to increase. For example, the Russian satellite sea launching platform was constructed at the Vyborg Shipyard in 1999.

The port of Vyborg is also quite economically significant. In 1992, when economic reforms started, the Vyborg seaport was privatised and a joint stock company, the »Sea Commercial Port of Vyborg«, was created. The second region of Vyborg port (Vysotsk) became the independent joint stock company „Sea Commercial Port of Vysotsk“. The importance of the Vysotsk harbour is increasing in connection with the Russian strategy to rely on its own domestic seaports for export.

Vyborg has succeeded in attracting direct foreign investments. For example, a refrigerator plant owned by the Finnish Helkama-Forste Company was opened a few years ago. Other companies have also opened or plan to open factories in Vyborg. From the perspective of out/in-sourcing, Vyborg's strengths include excellent location as well as several important transport routes, an inexpensive workforce and raw materials, and proximity to the Russian markets, especially that of St. Petersburg; however, a number of foreign companies working in Vyborg have encountered problems attracting educated employees.

Tourism has developed very efficiently over the past decade. The foreign tourism in the city is quite one-dimensional: Finnish companies arrange weekend trips to Vyborg, and most of the buses to St. Petersburg from Finland stop in Vyborg.

The city aims to diversify its tourism. The Vyborg Castle, with numerous annual happenings (a medieval tournament, days of culture of different cities, etc.) is considered by the city to be a versatile tourist attraction. The regional and Aalto libraries, where various thematic seminars and workshop are conducted, could be utilised much more to this end. Several interesting sights can also be found in the area around the city, attractions which are currently hardly visited by any tourists.

Tourism has also caused a number of problems for Vyborg. Crime has increased, as have the markets for piracy products. In the beginning of 2003, Finnish travel companies boycotted the city for two months, a protest concerning tourist safety, especially in the market square. Finnish companies demanded that the Vyborg Administration pay greater attention to crime, and the administration promised to place a permanent police post in the market square after some negotiations. Tourism has also triggered a range of social problems, as it has for example contributed to vagrancy among youth. Vyborg is visited annually by over 600,000 tourists. Most of the foreign tourists hail from Finland.

In addition to crime, there are several problems regarding the development of tourism in the city. First, the historical city centre is presently in very

poor condition. Vyborg has managed to find some investors in the private sector, but development has been quite slow, mainly because of bureaucracy and legislative problems. There have been several Russian-Finnish joint projects for restoring historical sights. For example, the city library is presently under restoration.

Public transport in Vyborg is based on bus services and privately owned route taxis. Connections by train or bus to St. Petersburg are quite good, but the roads and highways are in poor condition.

There are several joint Russian-Finnish NGO projects in the city. For example, »Viipuri Keskus«, which is a centre of culture, information and civil initiatives, the »Pro Monrepos« association is a reconstruction project in Monrepos Park, and »Travel in Russia« is a Russian-Finnish project providing tourist information via the Internet.



Demographic and social aspects

Over the course of recent years, there has been a stable fall in the population resulting from a low birth rate and falling migration from other regions. The close proximity to St. Petersburg also motivates Vyborgians to migrate. On the other hand, Vyborg hopes to be able to hold on to some of their young people by providing opportunities for a university education. Several of the national universities have branches in Vyborg. Educational institutions for higher education can therefore be considered adequate. There are more than 10,000 university students in Vyborg.

One of the main problems facing Vyborg is the poor technical and material condition of the city hospitals, schools and social care homes that are now confronted by urgent needs for renovation and reconstruction. There is a lack of facilities for the elderly and homeless people. Additionally, the sport facilities are also lacking in Vyborg. The construction of a swim-



ming pool has been halted and the open stadium cannot fulfil the needs of the young population and those interested in sports.

The city youth suffer from a range of social problems, including serious substance abuse issues. There are also problems with prostitution, theft and black market trade. Tourism has opened up opportunities for such criminal behaviour; however, recent actions taken by the city have been effective in cutting down on crime targeting tourists.

Environmental aspects and land use

The waste management system represents the gravest environmental problem facing Vyborg. The construction of a waste processing plant in Vyborg is an issue of vital importance. Another problem is the quality of drinking water. In co-operation with foreign partners and international programmes on technical assistance, several attempts and projects for the reconstruction of a modern water treatment plant in Vyborg have been made.

Vyborg requires new industrial areas with well-planned engineering and road infrastructure. As Vyborg is located near the border and in the centre of all transport routes (sea, railroad, road), the city receives a significant number of applications from Russian and foreign companies for the allocation of industrial sites for industrial construction.

Main strategic aims

The strategic plan for the sustainable development of the municipality was drafted in 2001 and adopted by the Municipal Council in 2002. The main aim and

strategy of this plan is to provide high quality of life on the basis of the sustainable development of the region and transformation of the regional centre of Vyborg into a modern, prosperous historic-cultural business and tourist centre.

One of the main aims is also to develop the city as an important transport hub in the Baltic Sea region, which is a realistic ambition; however, the transport infrastructure requires improvements.

The restructuring of the industrial economy based on IT represents a further aim. Science research technologies employed in shipbuilding and instrument-making industries will result in several changes, as well as the development of industrial zones, techno parks, industrial villages and SME businesses.

A major challenge concerning tourism is the inadequate infrastructure and poor condition of the historical sights in the city. The roads are in a terrible condition, and most of the old buildings must be repaired very soon. The architecture in the city centre is unique and attractive; however, Vyborg lacks the necessary funding to repair the historical buildings. A number of joint projects are being carried out together with Finnish partners, but at present these projects are insufficient.



The Helkama-Forste production plant

Helkama Forste Viipuri is a Russian branch of Helkama, an international company. Helkama was established in Vyborg in 1905 by the Finnish entrepreneur Heikki J. Helmann. It is one of the oldest Finnish brands, manufacturing refrigerators for commercial and household purposes. The company's factory operations are based on domestic cold-storage appliances, including refrigerator and freezer units. Commercial cold-storage equipment – beverage units and freezers equipped with glass doors – constitute an increasingly important share of the company's operations.

Helkama returned to Vyborg in 1997. The company has invested almost 25 million Euro in a new commercial freezer factory in Vyborg. Just two years after opening the production line, the factory had produced over 2500 glass-door freezers, mainly for the Russian market. The primary purchasers of Helkama products in Russia are Pepsi Cola and several leading beer and soft drink brands.

The company was started with a vision of a high production standard, which was complemented by



social and recreational employee policies that well exceed any legal obligations. The company regards this as a means by which to acquire and retain the best and most suitable employees.

The company was drawn to Vyborg on account of its proximity to the Finnish border, the availability of production components, and access to Russian markets. The company perceives its relationship with Vyborg as very constructive. Discussions with Vyborg authorities are frequent, though they depend on concurrent needs and mutual interests.

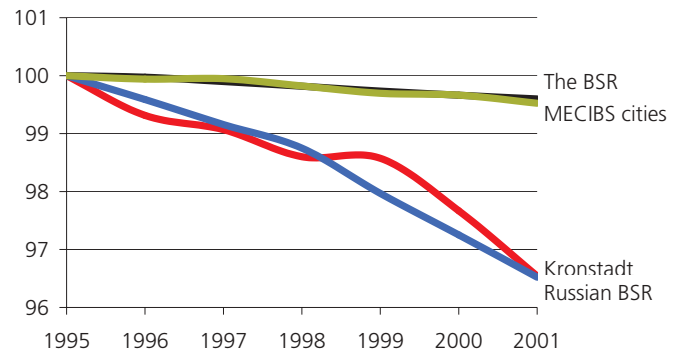


The city of Krohnstadt lies on the island of Kotlin in the Gulf of Finland, 29 km from the shores of St. Petersburg. Kotlin is 5 km long and 2 kilometres wide. The city occupies about 1/3 of the island.

Czar Peter I founded Krohnstadt in 1703 by as a port and fortress to protect St. Petersburg. It also served as the commercial harbour for St. Petersburg until the 1880s. In 1710, 17 fortresses were built around the island of Kotlin. In addition to these forts, Krohnstadt is also renowned for the rebellion that took place in 1921, when sailors mutinied against the Bolsheviks.

The urban development of Krohnstadt started as late as the 1960s. Until that point, the Krohnstadt infrastructure lacked basic features such as paving and sewage. In the Soviet era, the city served as one of the chief naval bases for the Baltic fleet. On account of this military strategic significance, Krohnstadt was a 'closed city' until 1997. Today, the ships and submarines of the navy near the quays are one of Krohnstadt's special features. The city was

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Krohnstadt in brief

Population in Krohnstadt Municipality: 45,000 (2003)

Annual growth in population: -0.45%

Main sectors of employment: Ship-repair, metalwork, military, port, commercial meat processing and food production.

Distance to major centres: St. Petersburg: 40 km, Helsinki: 340 km, Moscow: 700 km.

first opened to foreign tourists in 2002.

Administratively, Krohnstadt is a part of St. Petersburg, but it enjoys certain privileges compared to the other rayons (municipalities).

The construction of a dam was started in the mid-1980s, which represented a massive undertaking at the time. The purpose of the dam is to protect St. Petersburg from flooding. At the same time, the dam

serves as a road connecting Krohnstadt to the mainland. The project has suffered problems with funding and construction has been quite slow. The dam has also given rise to criticism from environmentalists. The first part of the dam was completed in the late 1990s, and the southern part of the dam should be ready in 2008.

The City of Krohnstadt celebrated its tricentennial in 2003, and improvements were made to the city in that conjunction. Funding was acquired from the St. Petersburg administration and additional funding was gained from private investors. Until the first stage of the dam was completed, transport posed one of the main problems to Krohnstadt, as the city was only accessible by ferry. Subsequent to the opening of the road to the mainland, the situation improved dramatically. Krohnstadt residents are now able to work and study in St. Petersburg.



Main strategic aims

The restoration of the historical forts is of paramount significance. These forts have been handed over to the administration of the City Council. A number of investment projects and plans exist; however, significant restoration work is only being conducted on Fort Konstantin. Everything else remains in decline and desolation. Regarding the plans for the future, the primary vision is to transform these sites into recreational centres, i.e. places with hotels, restaurants, beaches and piers. Nevertheless, nothing has yet to happen on account of a lack of funding. One of the forts is currently being used as a staging ground for a summer music festival.

Krohnstadt wants to have a harbour for yachts. The harbour in St. Petersburg is overcrowded and there is insufficient room for yachts. Krohnstadt is planning to open a large harbour for yacht tourists visiting the Gulf of Finland. At the present time, however, the pier capacity for yachts is quite limited.

There are also plans for establishing a new container port and trade harbour in the city. The city aspires to regain its position as a harbour city for St. Petersburg. The first step in this direction, a new container port built by a Danish company, is now ready to serve sea traffic.

As the city was formerly a fortress and military zone, there are many historical sites in the city centre that remain under the federal Ministry of Defence, which also administrates them. The Ministry is not

interested in caring for and renovating these sites, for which reason the city is now devoting efforts to assuming the authority of these sites.

Upon the completion of the second stage of the northern dam, the City of St. Petersburg will have its western ring road around the city. The ring road will shorten the distance from e.g. Finland to Moscow by almost 100 km. Krohnstadt hopes to benefit from this increased traffic, and there are plans for increasing services for transit traffic.

Economic, demographic and social aspects

Two of the largest enterprises in Krohnstadt of the past were a ship-repair dock and a factory producing spare parts for the vessels. Subsequent to the collapse of state-controlled markets and after the state halted production orders, both are merely working at 10% of their capacity.

A remarkably large segment of the population is elderly. This places Krohnstadt in a difficult economic situation due to the increasing costs of social and healthcare services. Conversely, after establishing the connection to the mainland, it has now become possible for students to reside in Krohnstadt and study in St. Petersburg.

The crime rate has been on the rise for the past several years. In co-operation with a number of civic organizations, the city has been forced to form neighbourhood watch groups in the city. Moreover, the lack of recreational opportunities on the island poses yet another social problem.

Environmental aspects and land use

In its time, the city was independent in terms of municipal services. For example, Krohnstadt acquired its heating from several boiler houses located around the city. At present, the technology in these boiler houses is outdated and they pollute the air of the city dramatically. Krohnstadt aims to find alternative heating solutions.

The dam is already causing environmental problems, especially as regards the condition of the seawater in the territory between Krohnstadt and St. Petersburg. The natural water circulation at the end of the Gulf of Finland is now disturbed because of the dam, and the water there is becoming increasingly polluted. This situation will be seriously exacerbated by the completion of the second stage of the dam.

The general city plans entail the construction of mid-sized and elite housing in the western part of Kotlin Island. The problem with the federally owned areas within the city itself still remains.



Fort Dance – music festival arranged in one of the old forts

The old forts represent one of the primary potential tourist attractions in Krohnstadt. Located on small islands surrounding Kotlin, there are 17 of these forts altogether. There has been no use for the forts since their abandonment; however, one of the biggest forts – Aleksander I – annually hosts a large electronic dance music festival called Fort Dance, which is well known in Russia. The forts are located roughly 30 km from St. Petersburg, and organisers provide transportation to the festival from St. Petersburg by bus or boat. Ticket prices vary from 10 to 100 euros.

In 2004, a fifth anniversary party was organised in the old forts with several highly renowned DJs. The

festival has grown year for year, for which reason the party has now been divided between two islands. The Fort Dance is a two-day event and attended by 20-40,000 lovers of dance music. The festival receives generous media attention and has received several dance culture awards.

For a couple of days, the forts are transformed into a large outdoor clubs with dance poles, bars, huge television screens and massive audio devices. The organizers have managed to find reliable sponsors for the festival, and a promotional tour is carried out for the festival in co-operation with Motorola, the communications company. The festival itself is transmitted live via national radio throughout Russia.





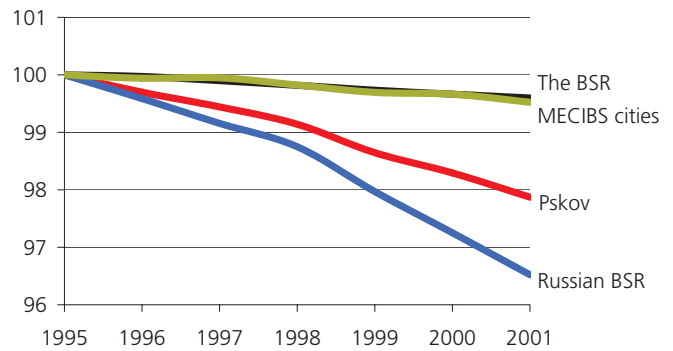
According to ancient legends, the city of Pskov was established in the year 903. During the Middle Ages, Pskov became an important border city and trading centre. The main section of the city was built in the 14th-15th century, and Pskov suffered quite heavy damage during World War II. After the war, most of the historical centre was reconstructed, and during the period of urbanization of the Soviet Union, some large factories were built in the city and it started to grow. This growth was quite stable until the period of economic decline in the beginning of the 1990s.

In 2003, Pskov celebrated its 1100th anniversary. These celebrations had an impact on the city: most of the roads in the city centre were repaired, some of the facades of the buildings were renovated, and trees and other vegetation were planted in the centre.

Geographical and economical aspects

Pskov is located at the confluence of the Velikaya and Pskova Rivers. Outside the city centre there are several suburbs, so called microrayons. The suburbs

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Pskov in brief

Population in Pskov Municipality: approximately 200,000 (2003)

Annual growth in population: -0.45%

Main sectors of employment: Commerce, trading, machinery, food production, clothing

Urban functions: Regional centre, capital of rayon

Distance to major centres: Moscow 689 km, St. Petersburg 280 km, Novgorod 200 km

are quite well connected with the centre by well-developed bus routes. Public transport in Pskov consists of 18 urban and 24 suburban lines.

Pskov's location is one of its strengths: it lies near the Estonian border and several important railway and highway routes lead through the city. Pskov also has an international airport, and river transport was quite common in the Soviet era. There used to be a ferry connection to Estonia. The Velikaya is no

longer used for transport, but there are plans to reconnect Pskov with Estonia.

The importance of Pskov as a trans-boundary city has increased since the collapse of the Soviet Union, when new countries appeared in the proximity of Pskov. Nowadays, the Pskovian region has boundaries with Estonia, Latvia and Belarus. The geopolitical importance of the city is also notable, as reflected by the large military base located nearby.

The municipal economy suffers from inadequate funding and the city economy is developing slowly. The main problem is that the majority of the income from taxation goes to the federal budget. The factories and production plants are currently producing only 10-15% of what they produced in the Soviet era. The share of services and commerce has increased noticeably, but much grey economy remains.

Environmental aspects

Pskov had no heavy polluting industry during the Soviet period. The city has many public gardens and parks. One of the biggest problems has been related to the supply of clean water. The sewage cleaning system is outdated, and the pipelines are in terrible condition, especially in the centre of town. The city has co-operated with a number of foreign companies to improve this situation. The replacement of the water supply and sewage-cleaning system is made more difficult by the many historical sights in the city centre.

There are a number of active environmental organizations working in Pskov to preserve the Chudskoye Lake. These organizations are carrying out several different projects and programmes aiming at environmental preservation, developing environmental tourism, and environmental education. The environmental aspects have also been effectively adapted in city schools.

Land use aspects

As regards land use, so-called »wild garage territories« raise a number of problems. In the 1990s, automobile owners formed a garage co-operative that built garages on city territory, though usually without any permission. Now there are many conflicts with the interests of garage co-operatives and the city.



One of the main aims formulated by the city administration is to improve the condition of the Velikaya riverbank. It would be an attractive site for citizens and tourists.

One of the current problems relates to the waste dump area. It no longer serves the city, and a new dump ought to be found. The problem is that there is no suitable place for the new dump within city borders. The only solution would be to lay a waste area in the region of Pskov Oblast. This has not been easy, as the Pskov Oblast administration has imposed strict conditions regarding these plans.

Main strategic aims:

Development of tourism

Pskov could be one of the pearls of tourism in north-west Russia. It has many interesting ancient and historical sites. Domestic tourists also know the city for its history related to Pushkin, the national poet. The city is also very peaceful, and there are virtually no problems with crime. One of the biggest problems is the lack of accommodations and advertising campaigns for the city. The problem with accommodations could be solved if two hotel construction sites would be finished. Pskov is also working to solve the problem with the lack of advertising by establishing a website in different languages. Pskov now has information available to tourists in several languages, including English, Finnish and Estonian. Another aspect of this problem is that local tourist companies hardly co-operate with one another regarding public relations work for the city.

Improving Pskov's status as a trans-boundary traffic centre

Pskov is very active in relations with the nearby countries. The closest relations are with Estonia, but there are many ongoing joint projects with several other countries in the Baltic Sea region. Pskov has a railway connection to St. Petersburg, Moscow, the Baltic countries and central Europe. There are also highway connections in each of these directions. Unfortunately, these highways are presently in poor condition, and the highway network is under reconstruction. This process is very slow because of inadequate funding.

Tempting new foreign and domestic investments
Pskov has experience in co-operation with foreign companies and investors. A Polish waste-handling company was formerly located in the town. There have also been a number of ongoing projects concerning improvements to the technical infrastructure involving the co-operation of foreign companies. Nevertheless, the city requires more investors. The city economy is incapable of maintaining everything that is needed. For this reason, it is imperative that investors are found who are willing to put money in tourism, transport or the existing factories and production lines that have been operating below capacity since the collapse of the Soviet Union. Pskov has actively been working to attain this goal. The city participates in international trade fairs and exhibitions, working to spread the good word. Pskov has also produced publications in an attempt to promote investment opportunities in and around the city.

The Slavyanka Sewing Company

Slavyanka, the Pskovian Clothing factory, was founded in 1945, immediately after World War II. In the beginning, the company employed roughly 150 workers and primarily produced overcoats. In 1992, the company was reorganized: the state-owned company was privatised and bought-out by the employees. Despite difficult times, Slavyanka represents a rare example of a successful privatisation process in a formerly state-owned company.

The 1992-1998 period was very difficult for Russian companies, including Slavyanka; nevertheless, while other companies reduced production, Slavyanka searched for foreign partners and investors and modernized its production lines. The company imported modern sewing technology from abroad. At the same time, it succeeded in finding a partner company in Germany.

The company has its own daycare centre and healthcare. Furthermore, due to the fact that most of the employees are women and live throughout the city, the factory has arranged a couple of its own bus routes around Pskov. The company enjoys a very positive reputation among its employees.

Slavyanka is presently one of the leading clothing factories in Russia. It has over 1000 workers and produces some 100 models of clothes, mainly men's suits. Truvor is Slavyanka's best-known brand. Several diplomas and prizes were awarded to the factory for its excellent product quality.

The factory markets its products throughout Russia as well as exporting to Germany, England, Sweden, Latvia, Estonia and Finland. Truvor suits are very popular among members of the Russian Parliament.





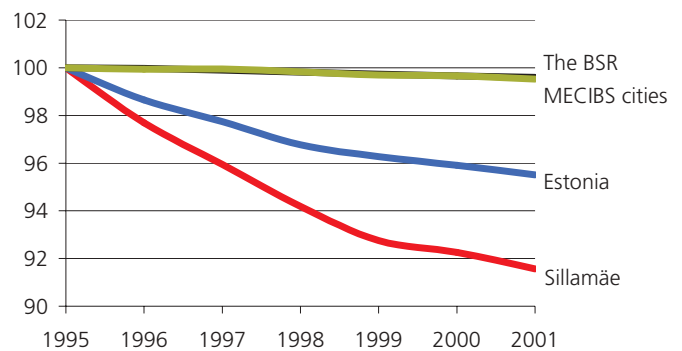
Formerly a fishing village and resort town, Sillamäe became a »closed city« of great strategic military importance during the Soviet era due to the town's capacity to produce uranium from the local oil shale. For military security reasons, this production was kept secret and the town was thus »closed«. Sillamäe is now part of Ida-Viru County, and the processing of rare earth metals has replaced uranium production.

Aspects of the Soviet legacy remain, however. Over half of the population is Russian, various Soviet architectural styles have been preserved, and a radioactive tailing pond, the result of uranium processing, poses an environmental challenge that is being remedied. The conversion to a market economy has created unemployment and, although now open, the town still suffers somewhat from its previous image as a closed city. Sillamäe is currently addressing these challenges.

Economic aspects

The conversion to a market economy and

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Sillamäe in brief

Population in Sillamäe Municipality: 16,901 (2003)

Annual population growth: Ida-Viru County: -0.8% (2002);
Estonia: -0.4% (2002)

Urban functions: Status of County Town, potential regional status as logistics hub on the Tallinn-Narva-St. Petersburg highway

Distance to major centres: Tallinn 180 km, St. Petersburg 170 km

restructuring of numerous industrial enterprises has provoked major changes in the economy since 1991. A period of recession is now beginning to stabilize.

Silmet AS, a processor of rare earth metals, is the most important employer in the town. Other significant employers include plants for the packaging of foods and video cassettes, as well as a plant for electricity and heat production. The town government also employs over 500 people. The



development of the Sillamäe Free Zone and the construction of a cargo port are expected to produce many jobs in the future.

Demographic aspects

Sillamäe is undergoing a natural demographic decline that is exacerbated by the emigration of young people. Over half of the local population is Russian, and there are many »aliens« that possess no passport at all. The town has numerous demographic and geographical assets: the proximity and close relations with the Russian market, low labour costs, and significant expertise in metal production.

Social aspects

Sillamäe's social issues stem from the challenges of inclusion that come from being a multicultural town. One such challenge is the integration of Russian-speaking inhabitants in Estonian society. The town

was established in the Soviet era together with the chemical plant, which played an important role in the military industry. Specialists were brought in from the Soviet Union to work at the plant, for which reason 97% of the inhabitants are Russian-speaking. After Estonia regained its independence and the town was reopened, it became difficult for these people to become integrated in Estonian society and gain employment, as they could not speak the Estonian language. Other social problems include crime, homelessness, drug addiction and alcoholism.

Environmental aspects and land use

The radioactive tailing pond on the coast of the Gulf of Finland, which was the result of uranium processing during the Soviet period, poses the greatest single environmental challenge to the area. To solve this problem, the massive international 20 million Euro Sillamäe Tailing Pond Remediation Project was launched in 2001, completion being





expected in 2006. The region also faces problems with oil shale ash, which is utilised as fuel by the local heat and power plants.

The rational use of the existing land is the key target in the Sillamäe master-plan. Recent projects include the reconstruction of the coastal free zone (acting as an industrial and trade-park), a modern cargo port and new residential areas.

Sillamäe's architecture testifies to the fact that it is a young town. It reveals pronounced examples of the three main architectural periods in the Soviet era: the neo-classicist/Stalinist style (50s), the Khrushchev style (60s) and the Brezhnev style (70s).

Main strategies for attaining primary objectives

A key element of the urban development strategy is to create a successful multicultural developing town with a diverse economic and social structure and a

favourable living environment. The main activities of the town government are aimed at introducing Sillamäe in the new cultural and economic space and developing partnerships, co-operation/networking at all levels with other cities in Estonia and Europe to generate increased familiarity with Sillamäe.

Sillamäe is a potential logistical hub and is also hoping to utilize its close proximity to the Russian border as an EU-Russian border town.

The Sillamäe development strategy is based on the town's favourable location near the border of the future European Union, a transit road running through the town, an operating free zone and the construction of the cargo port.



The Town of Sillamäe has a background that resembles many other towns in the former USSR. The town grew as a settlement to serve a huge chemical factory, producing parts for the Soviet military programme, which meant completely closing the town to visitors.

Today, however, Sillamäe has much to be proud of. The industrial brown-fields are turning into rapidly developing trade infrastructure. A typical »Stalinistic« old town turns into a unique neoclassic architectural ensemble that attracts tourists, architects and historians from Europe and the Americas. Beautiful surroundings, the highest cliff in Estonia, in Ontika, sandy beaches in Narva-Jõesuu, old fortresses in Narva – everything is within 25 km – are all of additional interest to guests. And finally, a new seaport is to be opened in the formerly closed town of Sillamäe for sea ferries, cruise ships and thousands of visitors from East and West.

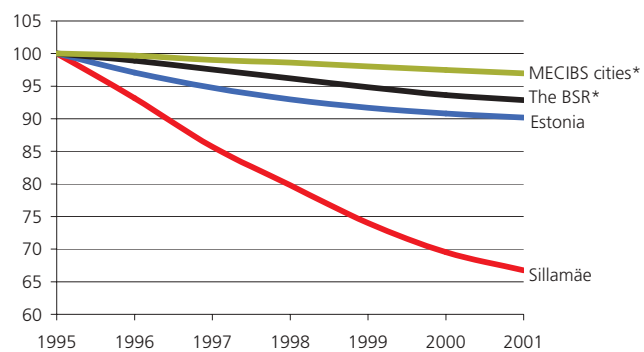
The proximity to the border between Russia and the EU (28 km away from the town) also makes the town a perfect site for developing trade and transit.

Sillamäe is also located on the international motorway connecting Tallinn and St. Petersburg, which provides additional benefits to the town and makes passenger transfer even more convenient.

Nevertheless, local authorities now face abundant challenges in the field of city planning and developing. There is great potential for planning and developing the tourist infrastructure, accommodation services, logistics and attractions.



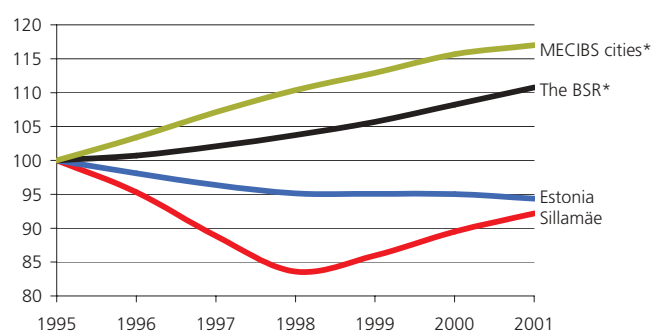
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

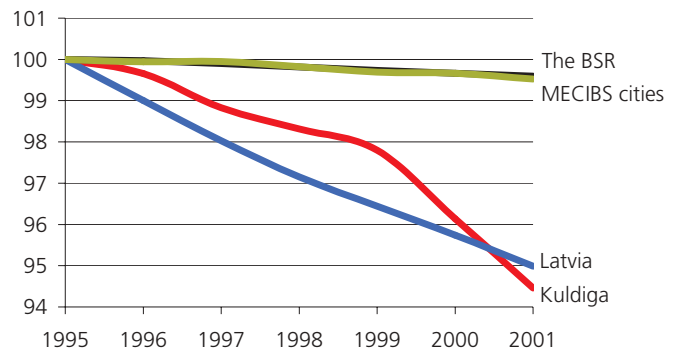


Kuldiga occupies a rather unique position in Latvia as one of only three towns that have been protected historically and culturally, even during the Soviet era. The Old Town of Kuldiga is a monument of national importance relating to the cultural and historical heritage of Northern Europe. The medieval town plan structure has been almost completely preserved, an important number of building ensembles exist, and the town is characterized by unique interaction between culture and nature.

However, the preservation of this heritage has also acted as a constraint on the economic development of the town, as has the general trend in Latvia of young people drifting away to the more active economic centres, especially in and around Riga.

Strategies for dealing with this problem include improving the quality of life in the town, seeking status as a UNESCO World Heritage site, and utilizing Kuldiga's geographic position in the centre of the Kurzeme region to become a regional administrative centre.

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Kuldiga in brief

Population in Kuldiga Municipality: 13,136 (2003)

Annual growth in population: -5.3%

Unemployment: Kuldiga district: 12.2%

Distance to major centre: Riga: 145 km.

Economic aspects

Kuldiga has never been a large industrial town; however, the former main employer in Kuldiga was a wood-processing plant, which went bankrupt several years ago due to unsuccessful privatization. Another wood industry, Tukums, is now renting the company, but the employment level remain less than half of that of the former industry. The textile industry remains a major employer, as is the new district municipal hospital, two state administration departments and the municipality itself. All other enterprises are small and medium-sized.

Geographical aspects

Kuldiga's location in the central part of the Kurzeme region is a great geographical advantage. Furthermore, the radial structure of roads and favourable town environment provide incentives for administrative and other regional operating institutions. The state revenue department and the regional statistics department are located in Kuldiga, and it is hoped that other state agencies will be attracted to the area.

Social aspects

There has been a flow of young people away from the city, and it is difficult to find skilled specialists in Kuldiga. Furthermore, Kuldiga is dealing with the social problems of homelessness and poor accessibility for the disabled. Unemployment is high, resulting in traditional social problems. There are few problems with displaced citizens in Kuldiga and few ethnic challenges.

Environmental aspects

Kuldiga has an environmental protection management plan for 2003-2007, which includes seven sectors: waste management, electricity, water supply, biodiversity, population, health and occupational health.

The action plan for the environment is part of the planning process and also includes plans to make green corridors and rules for protected wilderness areas. The city is responsible for managing the state-protected areas (along the Venta River).

Sustainable development is taken into consideration

in planning documents, and this principle is respected in the various planning areas. Nevertheless, public education and involvement in solving environmental problems remain inadequate.

Within the framework of the „800+“ project, clearing systems have been restored, a station for the de-ionisation of water has been built, magisterial water supplies and sanitation have been partly restored, as has rain water sanitation. Optimization of central heating has not been a success. There are more than 10 boiler houses in the town and heating means are not connected to one another. Some residents still lack connection to the town water supply.

Land use aspects

The challenge facing Kuldiga is how to retain its uniqueness and cultural and natural heritage while encouraging economic development. Many of the



buildings in the Old Town have remained the same for centuries and fail to meet modern business requirements.

The physical condition of heritage buildings is critical in many places. There is a threat of physical degradation with a low level of water and sewage access inside old buildings. The technical conditions of the street infrastructure are generally unsatisfactory. Street surfaces have been worn out and their loadbearing capacity does not correspond to the increasing heavy traffic.

However, the town's pedestrian street has been partly reconstructed. Communications cables have been placed underground and cobblestone streets have been reconstructed.

A development plan has been prepared on the basis of a city-planning project supported by the EU Phare Programme, which was worked out in co-operation with the German municipality of Geesthacht. At the same time, the town's detailed planning has been worked out; separate detailed plans are being worked out for certain areas.

The administration in Kuldiga also maintains a database containing valuable information for all of the protected buildings in the Old Town.

A new sports hall and regional hospital have recently been constructed in Kuldiga.

Main strategies for attaining primary objectives

At the local level, decisions are being made



The Venta River runs through the town and the Rumba waterfall is an important local tourist attraction.

regarding tax allowances for potential investors in Kuldiga. Municipal land in Kuldiga is basically free for prospective industrial development.

At the regional level, the planning regions and districts in Latvia are currently being revised. This could be an advantage to Kuldiga if the Kurzeme District becomes a region due to Kuldiga's central location.

At the national level, Kuldiga is in the process of applying for funding from the EU Social Fund in the hopes that programmes can be established to boost economic development and social cohesion. Kuldiga feels that it does not have much impact on decisionmaking at the national level, as does nearby Ventspils.

Strategies for developing the town of Kuldiga target the promotion of sustainable development aimed at

preserving the town's unique cultural, natural and historical heritage, while at the same time providing opportunities for economic growth. Kuldiga is also developing a strategy to become a regional administrative centre. The focus is on becoming a town of regional importance, the »Pearl of Kurzeme«.

Kuldiga's strength is that it is situated in the centre of the region and the regional structure of the roads

provides good accessibility to Liepaja and Ventspils and other centres. The main roads from Riga to Ventspils and from Riga to Liepaja, both major transport corridors, do not cross Kuldiga, but are part of the Kuldiga region. The main developments will concentrate on these corridors and Kuldiga will therefore lose some potential for development. Kuldiga must therefore make special efforts to boost its development in the region.

The strategic target of Kuldiga is to save its unique cultural heritage – the old town and nature complex.

The old town of Kuldiga is the only one of its kind in the Baltics. The old town is composed of an ensemble of wooden houses from the 17th and 18th century, for which reason Kuldiga is referred to as »The Latvian Venice«.

The pride of Kuldiga is the ancient Brick Bridge across the River Venta (1873-1874).

An original feature of every house is its entrance door decorated with woodcarvings, the skylight windows above it, and the tiled roofs – all characteristics exclusive to Kuldiga.

The downtown has 71 ha of protected area, including about 350 houses that are included on the list of Latvian cultural monuments. There are 80 sites of importance to the state and 181 sites of

local importance. The area has retained its unique authenticity despite wars and reconstructions, unlike other Latvian cities that underwent major changes in city planning during the Soviet era.

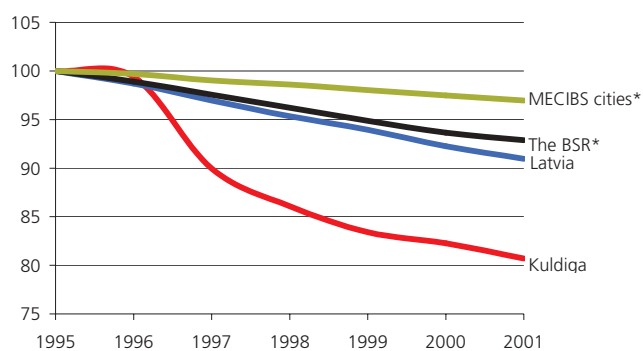
What has been achieved? The City Council has prepared a pre-project application for the old town to be included on the UNESCO World Heritage list.

Furthermore, the most characteristic old town streets have been renovated in order to renew their historic aura. Repairs have been carried out on the Old Brick Bridge. The total amount invested in the improvement of the old town infrastructure is almost 500,000 Lats.

This year we have started to prepare the project for the reconstruction of the Old Red Brick Bridge in order to attain EU funding in the amount of 1 million euro.

Source: National Statistical Institutes and Nordregio estimates

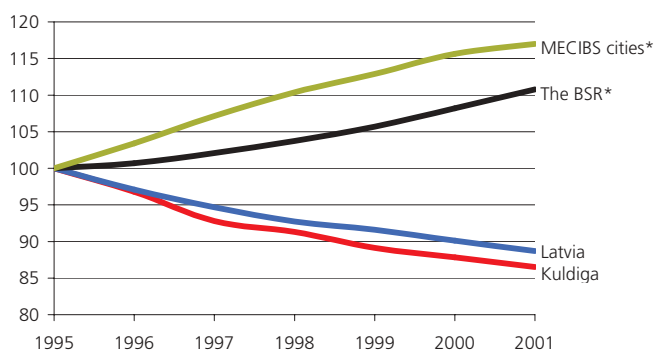
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates



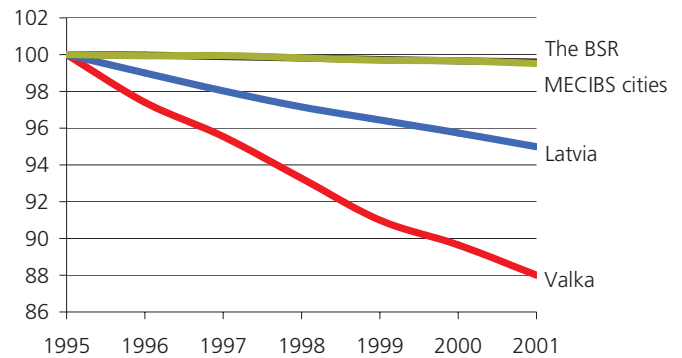
Valka is located on the periphery of the Vidzeme region on the border between Latvia and Estonia. Its twin town on the Estonian side is Valga, and Valka and Valga previously existed as one city. Today there is intense co-operation between the two cities. Subsequent to the state regional reform in 2004, there are plans to establish a Euro region together with Valga. Valka plays a significant role as a transit town between Tartu and Riga.

Economic aspects

Many enterprises in Valka were closed after the collapse of the Soviet Union, although several have succeeded in finding new niches. The forestry and service sectors are significant for employment, as is the Town Council, hospital and district school board.

Foreign investment is gradually coming to Valka. In June 2001, Valka was granted the status of »Region of Special Support«, which functions as a special instrument for regional development aimed at advancing development and contributing to entrepreneurial activity to provide stable incomes and employment.

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Valka in brief

Population in Valka Municipality: 6782 (2004)

Annual growth in population (national avg.): -5.3%

Unemployment: 11.3% (2004)

Main sectors of employment: woodworking, metalworking, light industry and services

Urban functions: border city region

Distance to major centre: Riga 160 km

The largest businesses in Valka are SIA PEPI RER (production of plastic foam polyethylene), SIA Valkas meži (woodworking), SIA Prestižs (woodworking), SIA Almia (a sewing enterprise), SIA Valkas MD (metalworking), and SIA Valhalla (construction of log buildings).

Demographic and geographical aspects

Valka is experiencing a natural decrease in population, but migration does not present an overwhelming problem; however, the young people who do leave predominantly head to Riga, Estonia and Valka's neighbouring parishes.

There are three border-crossing points in the Valka territory. Two border crossings are in the centre of Valka itself, but foreigners must cross the border at a crossing point outside of the town centre. In other words, there is a border regime preference for the local people on both sides of the border.

Valka is intersected by the Via Hanseatica transport corridor (Luebeck-St. Petersburg), which provides possibilities for freight transportation by road and train. These roads are further connected with other transport corridors.



Social aspects

Unemployment is not particularly high in Valka, but those who do lose work often move to other cities. Some citizens still cannot afford public housing.

Environmental and land use aspects

Valka has few environmental problems. A private company, ZAAO Ltd, deals with waste disposal. They have made a point of waste sorting in the town.

The reconstruction of the heating supply system poses one of the most significant problems. In the Soviet era, heating was produced with fluid fuel, but since the collapse of the USSR, fluid fuel has become exceedingly expensive. Currently, all steam shops are heated with wood.

Main strategies to reach main goals

Since Latvia's accession to the European Union, the geographical location of the town offers a favourable environment for logistics and industrial enterprises. Valka is situated at the TINA highway network, and the territory includes property and warehouses suitable for establishing businesses.

The Valka Town Council is presently working on a project for the establishment of a logistics centre and a business incubator. The town has the Riga-Tartu railway branch line, and free space for the construction of warehouses for cargo storage and unloading is provided in order to facilitate further transportation and sale. The town also has an oil depot allowing for the reloading of oil products. At the moment, several collaborative partners have been established: Pleskava (Russia), Kalmar (Sweden) and

Valga (Estonia). Valka formerly served as an important trade and transport point. This status can possibly be restored subsequent to Latvian accession to the European Union.

One of the main challenges facing Valka is to transform the international border situation from an obstacle to an advantage, exploiting its favourable geographic location and human potential.



Valka – a twin city

Valka is distinguished by the border it shares with its neighbouring city in Estonia, Valga. Valka and Valga once existed as a single city, but have since been parted by national frontiers.

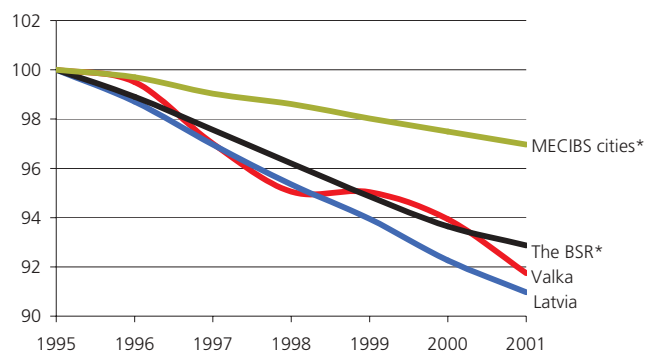
The Valka-Valga region has been active in the ESTLA project, which was an EU-funded project aimed at promoting cross-border co-operation. The ESTLA project was inspired by a different instance of cross-border co-operation in the Baltic Sea Region, namely the relationship between Haparanda in Sweden and Tornio in Finland, where cross-border co-operation has been active for a number of years. In the case of Valka-Valga, permanent cross-border cooperation has been established and various measures to simplify custom formalities have been taken.

Once open borders between the two countries become a reality, the aim is to create a symbolic walkway between the two cities. There are only five comparable border cities in the world, so this feature will be of interest for tourists.

Another aspect of the twin city phenomenon is that Valka-Valga host several multinational events. These include The International Rhythm and Dance Group Festival, The International Borderland Culture Week (theatre and dancing), an opera gala and a rock festival.



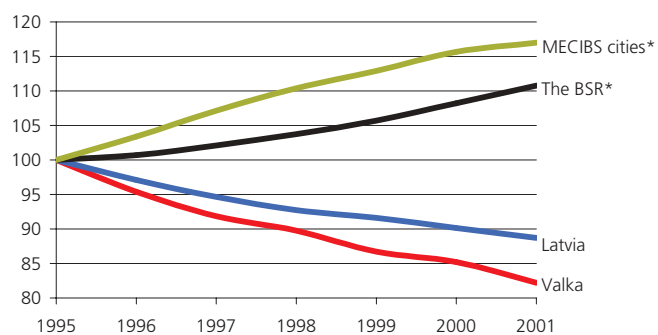
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

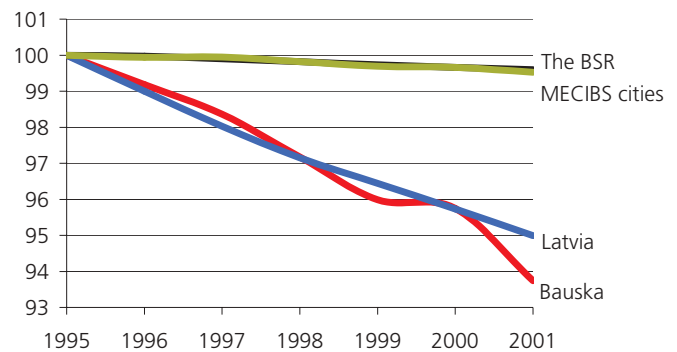


Bauska is located in the south of Latvia on the VIA Baltica, not far from the Lithuanian border. The surrounding area is largely agrarian, with good growing conditions and the primary crop being sugar beets. In the 19th century, Bauska was a vital multicultural town populated by Latvians, Germans and Jews. After World War II, the proportion of the Russian population rose tenfold. In the late 1980s, Bauska was home to numerous social and environmental organizations associated with the Rebirth Movement, and reconstruction of the Bauska Castle was begun. Since the collapse of the USSR and Latvian independence, Bauska has experienced structural problems, including the closure of several factories (candy factory, knitwear and fabric factory, food processing and timber industries). Bauska is currently finding it difficult to attract new enterprises to the town.

Economic aspects

Employment has been falling in Bauska in recent years due to over-production and problems with markets in the Baltic States. Hidden unemployment

Change in population, 1995-2001 (index 1995=100)



Source: National Statistical Institutes and Nordregio estimates



Bauska in brief

Population in Bauska Municipality: 10,455 (2004)

Annual population growth: -5.3%

Unemployment: Bauska District: 10.2% (April 2004)

Urban functions: District administrative centre

Most important employers:

SIA Aips (transport services)

SIA Bauskas pakalpojumi (consumer services)

SIA Kvele (energy services)

SIA Bauskas Piens and SIA Bauskas klets (Agricultural Processing)

Distance to major centres: Riga 66 km

is very high. The difficulty in attracting new enterprises is due to inadequate financial funding and the low capacity of the town to support SMEs

and develop the necessary infrastructure. The small market for Bauska's products complicates the restructuring of branches.

Industry has declined over the last decade, but there was a noticeable rapid increase of services, trade in particular, during this period.

Demographic and Geographical aspects

The population is declining because of low birth rates, high death rates and emigration. The number of elderly people is increasing. 72% of the population are Latvians, 13% Russians, and 6% Lithuanians.

Bauska's location in the middle of Latvia and the centre of the Baltic States could represent an important advantage for future opportunities in the food and industrial products industries. Bauska is somewhat integrated in Riga's labour market.



Social aspects

Hidden unemployment has been as high as 28% in 2001. This has led to social problems, including low family income levels, drug addiction, and alcoholism; however, Bauska has several social programmes and good experience dealing with these problems on the municipal level.

Environmental aspects

Activities have been conducted to ensure a healthy environment with regard to water and soil. For example, the water management improvement project »800+« resulted in a newly built water re-ironification station and a wastewater treatment station.

However, the massive traffic through the town due to the Via Baltica motorway has resulted in problems with air pollution (sulphur dioxide) and noise pollution.

Land use aspects

Most of the land surface in the town is devoted to housing and existing industries and public areas. Nevertheless, an additional 70 ha could be used for new industrial building, but the basic infrastructure must first be provided. It is hoped that private investors will help to finance this endeavour.

Main strategies for attaining primary objectives

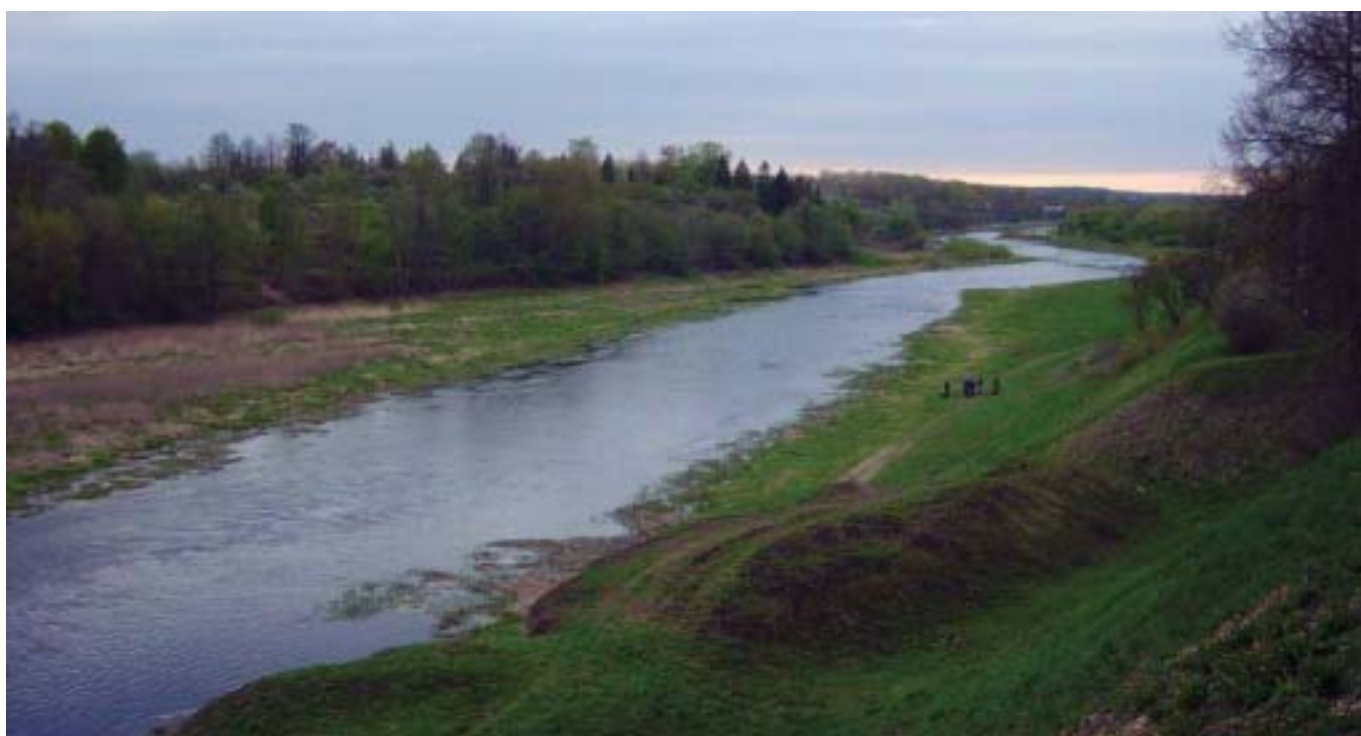
The social and economic situation in Bauska is progressing. Priorities in the social and economic development programme are:

- Development of the IT-infrastructure
- Development of human resources

- Development of tourism
- Development of the basic infrastructure
- Development of the SME's

Attraction of investments

Bauska is the essential part of the Zemgale region. The Bauska Council is involved in the Agency of Development of Zemgale activities creating projects such as »Zemgale IT«, »Zemgale - 2«, »The development of infrastructure for tourism at Zemgale«, as well as creating regional strategies for regional development at several spheres such as agriculture, education, social, industrial, culture and tourism according to the plan for national development.



Bauska as a cultural city

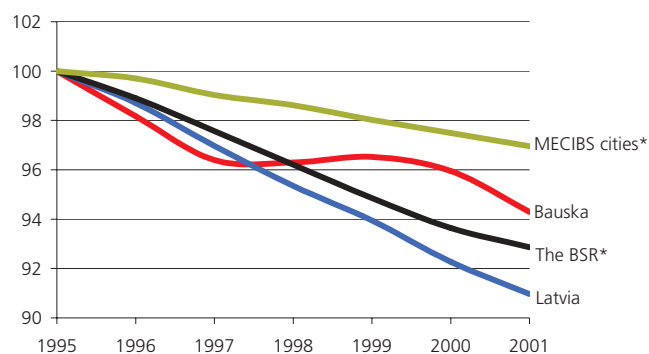
Since Latvia gained its independence, the physical appearance of Bauska has undergone a number of changes. The former landowners have regained possession of a number of buildings, and general improvements have been made to the city: the bridge across the Memele was widened in 2000, and traffic improvement work on the main streets of Bauska was completed in 2001; an investor has built a shopping centre near the centre of Bauska; improvements have been made to the cultural heritage buildings; and the reconstruction of Bauska Castle, first initiated in the late 1980s, has been re-continued since Latvia gained its independence.

Bauska is home to a number of cultural institutions, including the Culture Centre, the Bauska Central Library, the Bauska Museum of Regional Studies and Art, and the Bauska Castle Museum. The Open Air Theatre in Pilskalns can seat 2000 spectators, enabling Bauska to host rather large events.

Such events are yet another dimension of cultural life in Bauska. Bauska hosts large events such as The Ancient Music Festival and The Country Music Festival. Smaller concerts, festivals and exhibitions are organized in the town parks and squares.



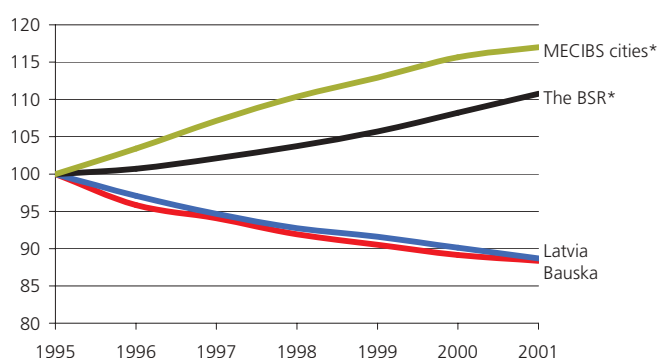
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

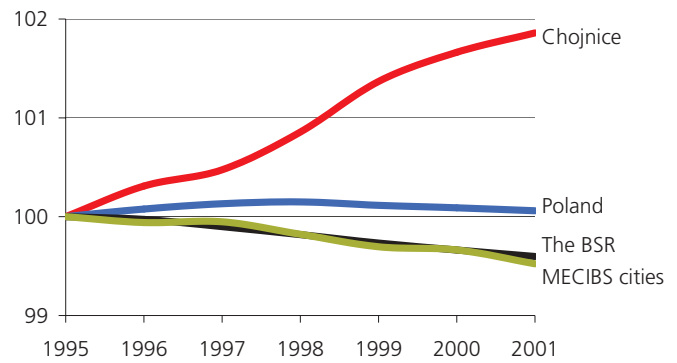


Chojnice, with history dating back to 1346, has undergone countless transitions over the last two centuries. A Polish city until 1772, Chojnice was under Prussian rule thereon until 1920. There are two perspectives on the city's location: while it is quite remote in relation to the large cities, this means there is a large region surrounding Chojnice for the city to exploit.

Chojnice underwent industrialization during the socialist era, whereas the region as a whole has been markedly agrarian until quite recently. The city has long traditions of fish processing and furniture and steel production.

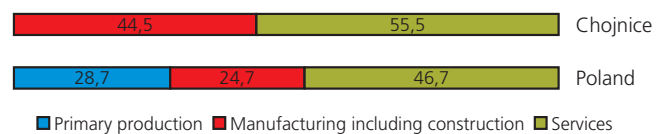
The vision is for Chojnice to become the social, economic and cultural centre for a number of districts. For the 1999-2002 period, the city administration and City Council accepted a development strategy. This strategy exerted a huge influence on the socio-economic development of the city. It resulted in the growth of expenses on investments to 23% of the annual budget incomes. Investments include construction, communications, infrastructure, building

Change in population, 1995-2001 (index 1995=100)



 **NORDREGIO**
Nordic Centre for Spatial Development

Employment by branch 2001 (%)



Source: National Statistical Institutes and Nordregio estimates

Chojnice in brief

Population in Chojnice Municipality: 40,900 (2003)

Annual population growth: 138 (2003) (0.003%)

Unemployment rate: approx. 17%

Urban functions: district capital

Distance to major centre: Gdansk: 120 km

Main strategic aims: infrastructure development, tourism support and regional cooperation for economic success

Most important employers:

Polipol Meble (furniture production): 930 employees

Mostostal SA (steel construction): 547 employees

SEKO (fish processing): 322 employees

Zakład Miesne SKIBA (trade & meat processing): 410 employees

interstate roads, and environmental protection (modernizing sewage treatment, building sanitary collectors and a pumping plant, establishing a water park, restoring the municipal market, repairs to tenements, etc.). The authors of the programme turned over the fact that forceful investment through the autonomies will effectively contribute to lowering unemployment levels. Local administration costs have been reduced, and the ensuing savings were earmarked for investments. Chojnice has exploited most of the available sources of financing, ranging from non-returnable subsidies to commercial loans and the issuing of municipal bonds.

Thanks to the use of EU structural funds, Chojnice has been able to maintain a high investment rate.

Economic aspects

Employment in Chojnice fell substantially from 1991 to 2001, especially in the secondary sector. As a result, increasing unemployment poses a serious problem in Chojnice today.

The City of Chojnice has prepared a package of resolutions referred to as »Preferences for industry, trade and services in Chojnice«, which favour the activities of businessmen undertaking deals on their own bills or already leading the activity on their own bills in Chojnice, creating new places of work. The effectiveness of city promotion is best reflected by the fact that a state-of-the-art fish processing plant, SEKO, one of the first facilities in Poland to meet all EU directives, has moved from Gdynia to Chojnice. The Chojnice steel construction plant, Mostostal SA, a manufacturer of machinery and equipment for

general and industrial construction, also meets European standards.

Chojnice supports the development of small and medium-sized companies. The City of Chojnice prepares seminars and instructions for local businessmen on how to acquire capital from the European structural funds.

Demographic and geographical aspects

The birth rate is falling, resulting in an ageing population. However, the population has advantageous features connected with a reasonably large number of people at pre- and productive ages, which provides opportunities concerning the further development of the city.

Chojnice has an important problem related to waste utilization. Further problems include traffic and treating the city river, Jarcewska Struga. The city experiences no problems concerning land use. The sale of land constitutes a more significant problem. The city possesses property reserves for industrial and residential use.

Main strategies for attaining primary objectives The Management and Municipal Council accepted a development strategy. This strategy includes:

- Building a ring road around the city
- Traffic service devices
- Extending tourist routes (bicycle routes)
- Improving ecological conditions
- Co-operating with neighbouring cities and communities

- Preparing the industrial areas along the city's western border
- Developing tourism

The town revitalisation programme

The Town Revitalisation Programme in Chojnice is a

result of joint efforts by the inhabitants and local authorities. The programme began with the analysis of the town's problem areas. This led to the drawing up of a package of project proposals and an activity schedule. The programme functions as a tool for linking spatial, economic and social aspects of local development.



An example of this approach is the development of the old hospital estate. The degradation of this area in the town centre posed a spatial problem. The related economic problem has been the development of tourism outside the town, but not within the town itself. The social problem addressed was that the city youth suffer poor access to sources of information and knowledge. The solution to this problem is a project for the old hospital grounds, which includes a modern library, offices for organizations supporting SMEs and parking opportunities. Part of the area is planned for sale.

The Town Revitalisation Programme is intended as a platform for e.g. applying for EU funding, and it is regarded as a model for other towns in accession countries.

First infrastructure project supported by EU structural funds

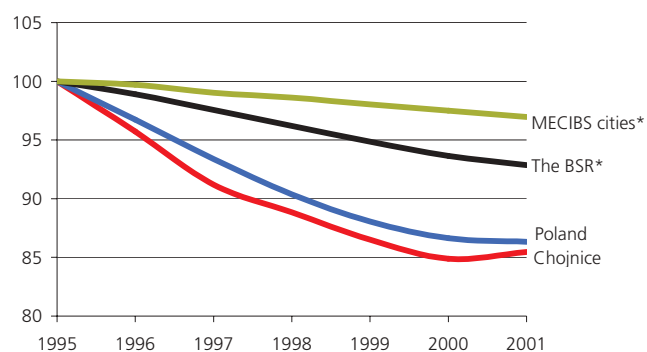
One of the most important infrastructure projects in which Chojnice is participating is the rebuilding of the road connection between Chojnice and Charzykowy, a tourist resort outside Chojnice. There are four partners involved in this project: the Municipality of Chojnice, the Rural Commune of Chojnice, Chojnice District and regional authorities. The project is supported by EU funds.

The importance of this project lies in the fact that it will connect a renewed and attractive town centre capable of attracting tourists with an even more interesting rural resort. This will help develop tourism in the region and create new opportunities for SMEs.



In 1998, the newly elected Mayor of Chojnice, Arseniusz Finster, prepared »The Programme of Development of Chojnice until 2002«. The main objective of this programme, which gained approval from the Town Council, was to reduce the number of unemployed persons in Chojnice. The programme had to be suitable for the town's new situation subsequent to the administrative reform of 1999, which placed Chojnice in the Pomeranian Region, a region where Gdansk is the capital. According to the programme, the best solution for the town was to make investments that would strengthen the importance of Chojnice as a sub-regional growth centre. One of the main investments aimed at the modernization of the town centre. The main goal of this modernization was to create a new town image – attractive for tourists, investors and inhabitants. The works conducted and financed by the Municipality, together with a reduction of local taxes, also encouraged the private owners of tenements to renovate their properties. The changes made to the town's image have been continued within the Town Revitalization Programme.

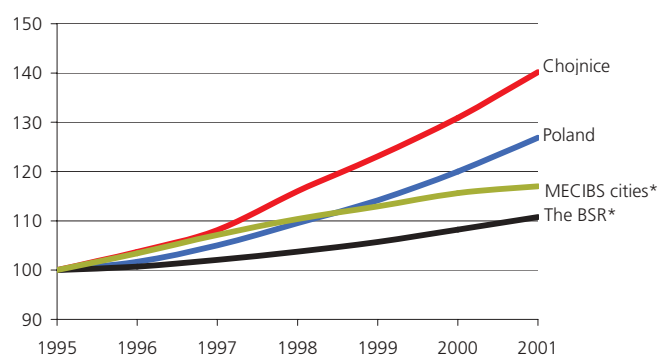
Change in population aged 30-39, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

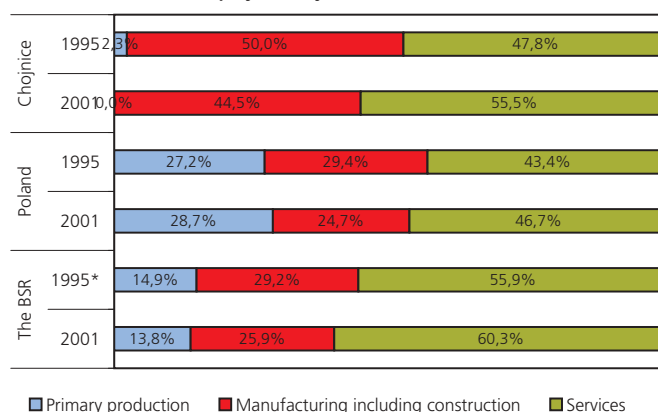
Change in population aged 50-59, 1995-2001
(index 1995=100)



* Excluding Russian areas.

Source: National Statistical Institutes and Nordregio estimates

Employment by branch (% of total)



■ Primary production ■ Manufacturing including construction ■ Services

* Latvia: 1996

Source: National Statistical Institutes and Nordregio estimates

Patrik Tornberg, Nordregio

An urban structure with great diversity

Large cities grow in the west and shrink in the east

A greater age span in Scandinavia

Economic growth without growth in jobs

Employment rates rise from east to west

An urban structure with great diversity

The structure of the urban system¹ in the Baltic Sea Region (BSR) has several dimensions, with the national differences even more dominant than the general 'east-west' distinction. The size of the nationally largest cities ranges from 400,000 (Tallinn in Estonia) to 4.1 million (St. Petersburg in the Russian part of the region). Latvia has the most primate city structure, with Riga having more than five times the population of the country's second largest city, Daugavpils. Neighbouring Lithuania displays the opposite pattern, with the capital Vilnius being only about 1.5 times the size of second place Kaunas. In this context, the concept of a medium sized town obviously varies greatly from country to country, exemplified by the MECIBS participating cities of Valka in Latvia, with barely 7,000 inhabitants and Pskov in Russia with over 200,000.

The BSR urban system has its centre of gravity in the south, with about half the BSR population and one-fourth of the BSR cities with more than 10,000 inhabitants located in Poland or Germany. This part of the BSR also has a fairly large rural population. The least urbanized areas of the region, however, are northern and central Norway and parts of the Baltic States, especially Latvia.

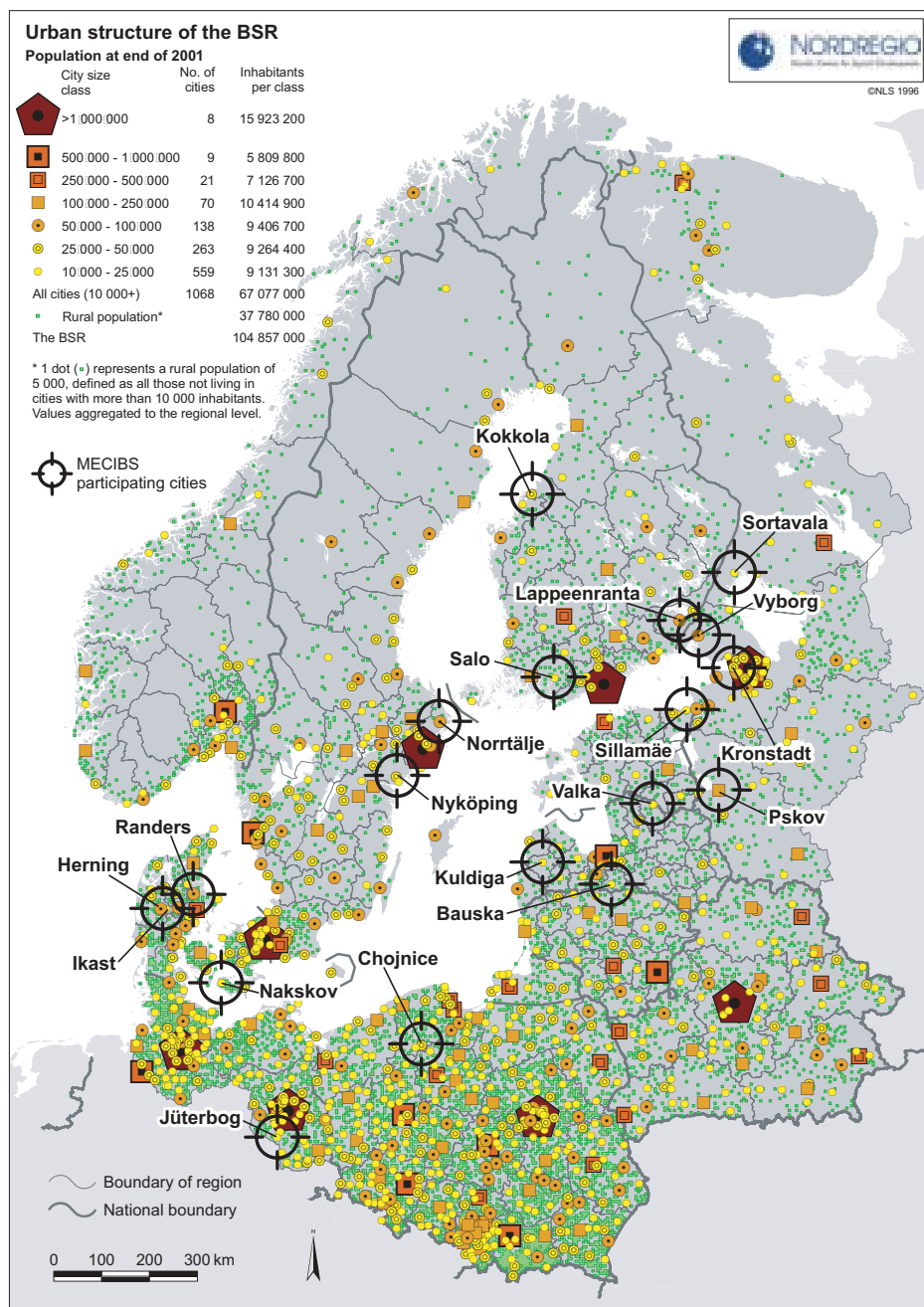
The relative location of the MECIBS participating cities varies from the fairly peripheral cities of Kokkola in Finland and Sortavala in Russia to cities like Nyköping, at the edge of a greater functional Stockholm region, and Jüterbog, with a

corresponding location in relation to Berlin. Salo, located between the economically strong Helsinki and Turku areas, exemplifies a third aspect of the relative location of importance in the urban system. A fundamental difference between the cities participating in MECIBS is thus the strategic challenges in some cities associated with integration into larger metropolitan regions and in other cities development as regional centres of their own.

Many MECIBS cities, especially in the eastern parts of the BSR, are located close to national borders. Valka in Latvia is perhaps the most obvious example, located just across from its counterpart Valga in Estonia. Sillamäe, Lappeenranta and Vyborg along the Russian border are other examples, although the degree to which they are integrated with the functional flows between the countries varies.

The city of Kronstadt has a specific kind of geographical location, on the island of Kotlin in the Gulf of Finland, lying within the large metropolitan area around St Petersburg.

¹ Urban areas are in this context defined as cities or towns with at least 10,000 inhabitants. Valka in Latvia with just under 7,000 inhabitants is an exception due to its participation in the MECIBS project. Rural areas are consequently defined as all areas outside these cities.



Large cities grow in the west and shrink in the east

Changes in population over the second half of the 1990s indicate a clear east to west pattern across the region. Most of the Russian areas and the Baltic States have lost population, while the Scandinavian countries have experienced an increase. The east-west difference becomes even clearer when looking at the larger cities. Most of the major cities in the former east, from Berlin to St Petersburg (except for Minsk), experienced quite substantial decreases in population. The western counterparts, from Hamburg to Helsinki, had strong increases. Basically all the largest cities, both east and west, are surrounded by smaller cities with rapid population growth, however. In Finland and particularly Sweden, metropolitan growth was accompanied by a corresponding decrease in small town and rural population. A general tendency across the whole region is a larger degree of migration into larger cities.

In contrast to Sweden and Finland, Norway (as well as Denmark) has had a general increase in population across the nation, including smaller towns and rural areas. As in the other Scandinavian countries, the growth in the capital region is due to both natural increase and in-migration, while population growth in the rest of the country is a result of natural increase.

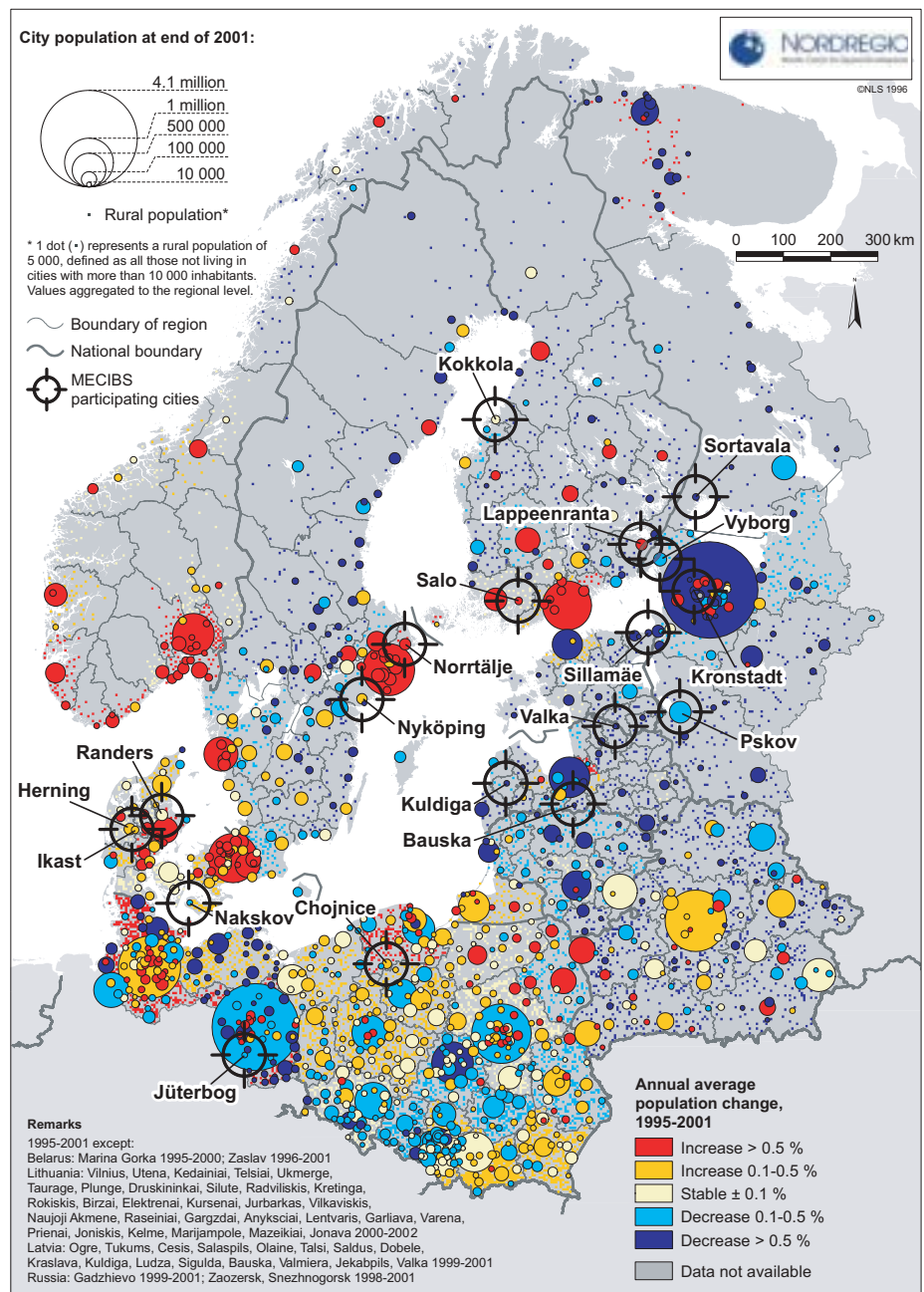
Most of the MECIBS participation cities followed the main trends of their respective nations. Thus, all of the Baltic and Russian participating cities lost population. Chojnice experienced a period of growth,

mainly as a result of natural increase, while net-migration was close to zero, a pattern similar to that of many other cities in Poland northwest of Warsaw.

Basically all the German areas, including Jüterbog, had a natural population decrease or no natural change at all during the period. Therefore, the total change in population in Jüterbog was negative, even though there was a positive migration flow to the city.

In Sweden, Nyköping and Norrtälje both grew due to positive migration flows, increasingly from the rest of the Stockholm region as a result of regional expansion around Stockholm.

In Denmark, Nakskov went against the tide, as one of a few smaller and medium sized cities with a population decrease. Due to substantial natural decrease – by far the highest of all Danish towns with more than 10,000 inhabitants and a general tendency over most of the island of Lolland – the total population decreased even though net-migration was positive. In general, Denmark displays a clear east-west pattern, with positive net-migration in the east and negative in the western parts. The effects of this are somewhat reduced by a more evenly distributed pattern of natural change, especially in the rural areas. This is exemplified in the west by Herning and Ikast, both of which rank among the ten cities with highest out-migration in Denmark, though at the same time among the highest ranking towns with regard to natural increase. All in all, the cities in Denmark grew fairly evenly.



A greater age span in Scandinavia

When measuring the age dependency ratio, i.e., the number of persons aged below 15 and over 64 as a proportion of the working age population (15-64 years), the region can be divided into three sections. Denmark, Norway and Sweden in particular have a high age dependency ratio. Poland, eastern Germany and Minsk (the only city in Belarus where data was available) show a completely different situation, due mainly to a much lower share of older people and lower life expectancy. Between these two extremes are the Baltic States, Finland and the western parts of Germany.

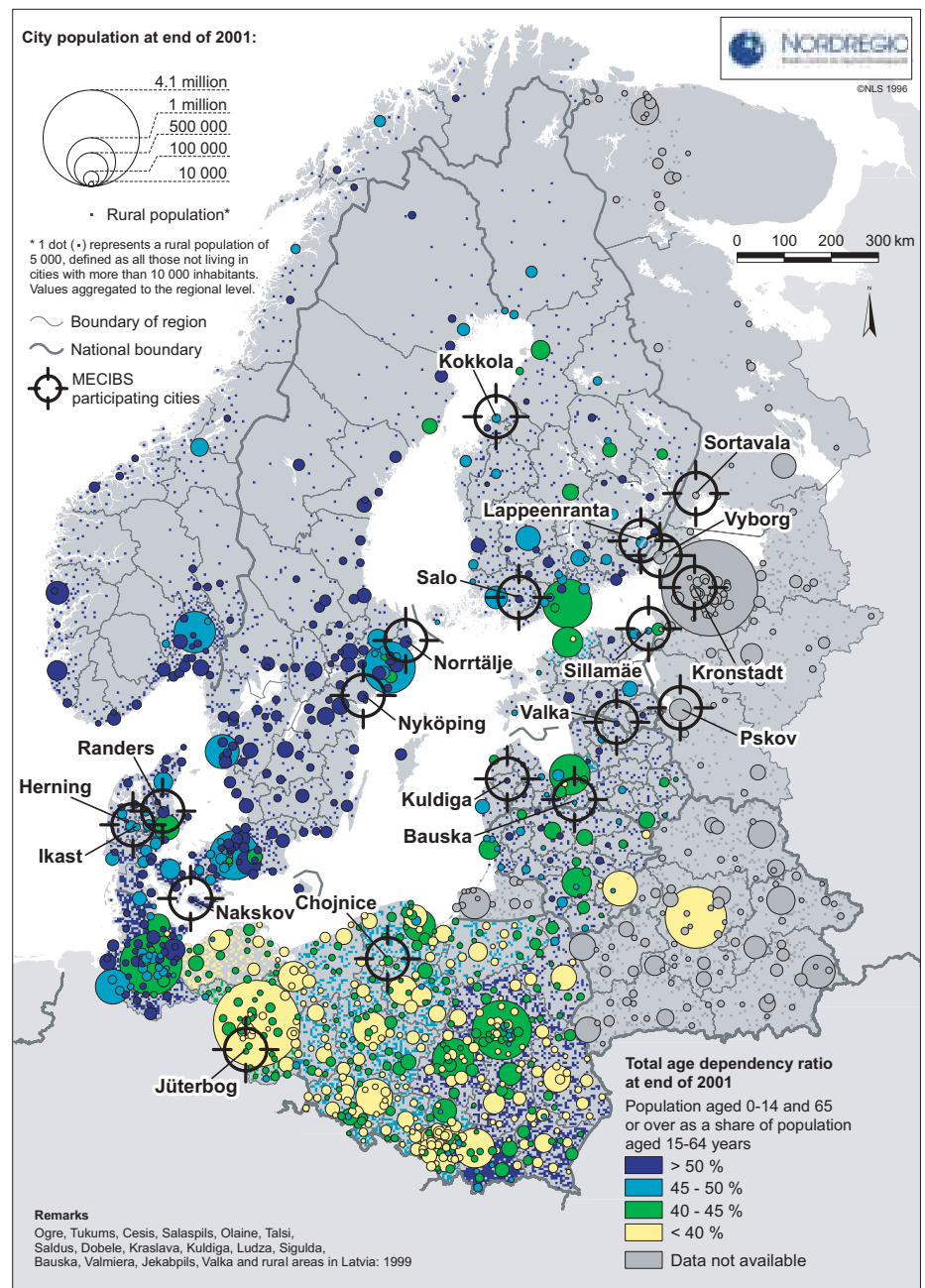
In the Scandinavian countries, the largest cities have the lowest share of persons over 64, while the smaller towns and cities have a higher corresponding share. In Poland and Latvia, the pattern is reversed. In these countries, the larger cities have a higher share of older people than smaller cities around the country.

With regard to the share of persons below 15, the tendency is more homogenous across the region, with fewer youngsters in the large cities. All in all, this yields a low age-dependency ratio in large cities compared to smaller cities, with the exception of the southeast (primarily Poland).

Looking more specifically at the MECIBS participating cities, they tend to fit well into the national patterns. Randers in Denmark and Kuldīga and Bauska in Latvia are prime examples.

Nakskov has the largest share of elderly people among the MECIBS cities, thereby deviating considerably from the national average. Nyköping and Norrtälje have the highest total age dependency ratios among the MECIBS participating cities, well above the Swedish average. Behind these figures lies a large share of persons over 64 years of age.

Consistent with the general geographic pattern of the BSR, the cities of Jüterbog and Chojnice have the lowest age dependency ratios of the MECIBS cities. A large difference between these cities, however, lies with the relative weight of the old versus the young shares of the populations. While Chojnice has the lowest share of people over 65 years but a high degree of young people, the situation is the opposite in Jüterbog, where the share of young people is by far the lowest of the 19 MECIBS cities.



Economic growth without growth in jobs

During the period 1995-2001 the Baltic Sea Region has had a high pace of economic growth. Headed by Belarus, the Baltic States and Poland, all but two of the BSR countries (Germany and Denmark) had a faster GDP growth than the EU on average. Despite high economic growth rates, however, employment in these countries has decreased (Estonia, Poland, Lithuania) or been stable (Belarus, Latvia). The situation in especially the Nordic countries is different, as both GDP and employment have increased substantially during the period. In both the eastern and western Baltic areas, the number of jobs has not grown along with the economy. When looking at the country or regional averages during the period, an average economic growth rate of 1.3% per year is needed in the western parts of the BSR in order for employment to remain constant. In the eastern parts (with the exception of Russia), where increases in labour productivity have been extremely high, this equilibrium currently stands on more than 7%.

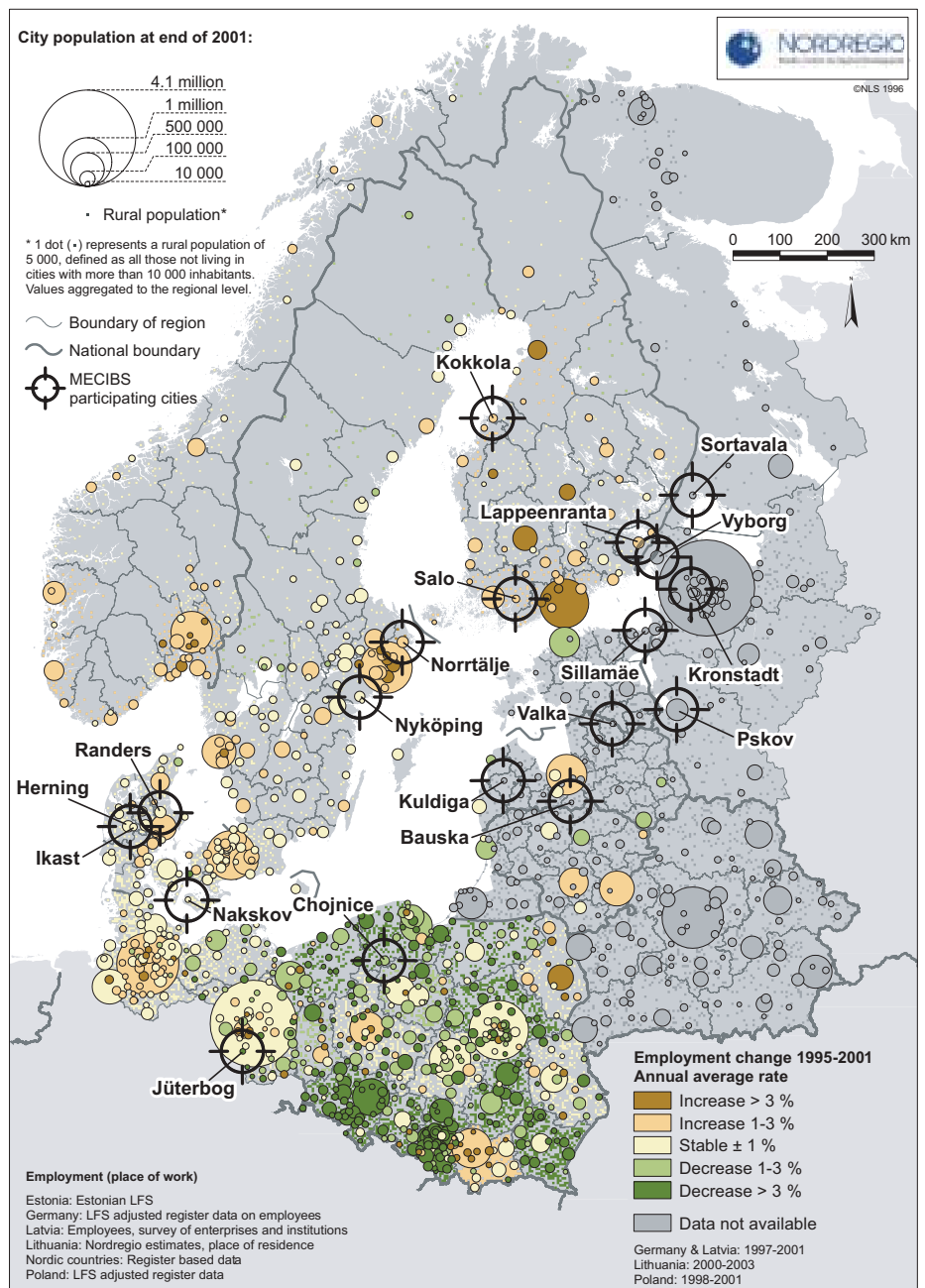
In Poland, the loss of jobs has been substantial in a majority of cities as well as rural areas. Moving on from Poland clockwise around the Baltic Sea the performance improves country by country. In Finland employment has risen at more than 2.5% on average each year during the period. The Russian BSR experienced an employment downturn until 1998, when the curve turned up again.

Developments within the various countries and regions differ considerably. Polarisation tendencies are most pronounced in Poland. In the south and the northeast,

some cities have experienced an increase in the number of jobs exceeding an average of 5% per year, while nearly all cities around Wroclaw and Katowice in Silesia have experienced substantial losses of jobs, at times around 10% per year. In Norway and Finland, on the other hand, employment trends were positive nearly all over. With a few exceptions this was also the case in Sweden and Denmark. An east-west divide of BSR Germany is clearly visible: positive developments in the west, especially around Hamburg, and a negative trend in the eastern parts.

A general pattern across the BSR is the continuing increase in the number of jobs in the largest cities, especially in the Nordic countries, Latvia and Lithuania. Another tendency is the positive growth seen in many smaller cities in close proximity to larger metropolitan cores, for example around Hamburg, Stockholm or Oslo. These are often cities with considerable in-migration, indicating the positive effects of regional enlargement and further stimulation of labour markets at the local level. The expansion in these cities' employment greatly exceeds their migration surplus.

The developments in the Nordic MECIBS participating cities reflect trends taking place in their respective countries. They also fit in to the general pattern of other medium sized cities in their countries. An exception is Herning in Denmark where there was a minor decrease in the number of jobs. Chojnice had the same negative tendency as Poland in general although not as steep. Jüterbog, in eastern Germany, has had a much weaker development than the rest of the BSR parts of Germany, even in relation to eastern German BSR.



Employment rates rise from east to west

One of the targets of the Lisbon summit in 2000 was to achieve an employment rate, i.e. employed persons as share of working age population (15-64 years), of 70% in the European Union until 2010. As of 2001, rates in the Baltic Sea Region range from around 53% in Poland to 77% in Norway. Of the BSR countries only Norway, Denmark and Sweden exceed the 70% target while Finland falls one percentage point short. The German and Russian parts of the BSR, as well as the Baltic States and Belarus lie between the BSR extremes, with employment rates of 60-66%.

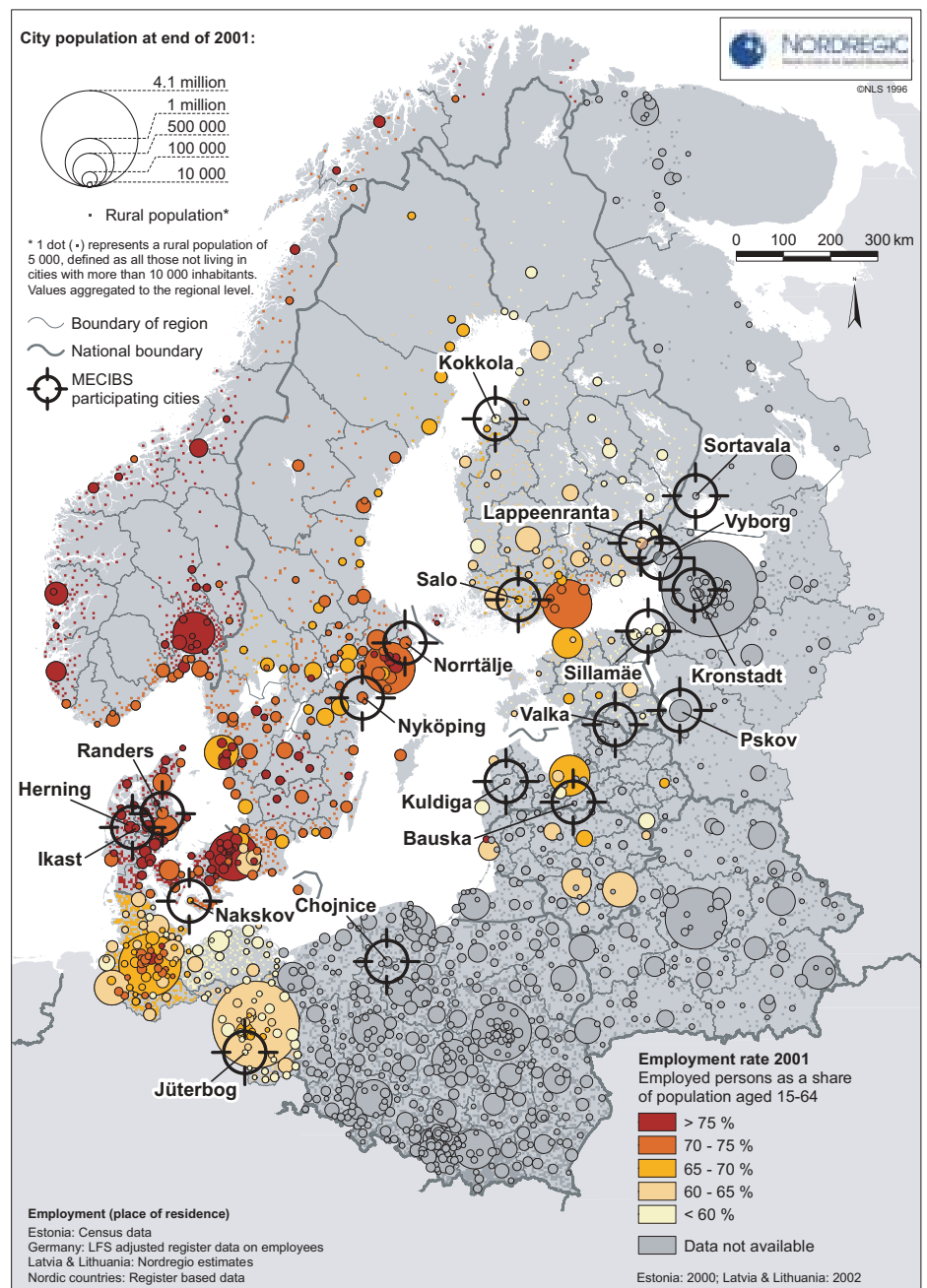
While it is intuitively tempting to interpret employment rates merely as indicators of functional or dysfunctional labour markets, a low rate of employment does not necessarily imply high unemployment. It may just as well reflect a situation where large portions of the working age population do other activities than work, such as studying. Furthermore, the composition of different age groups also affects employment rates, and in most Western European countries, a low share of persons in working age relative to the entire population tends to generate a higher employment rate and vice versa.

The variation of employment rates within the BSR countries differ from country to country. Generally, countries with low levels are more polarised. Norway is the only country where all cities over 10,000 inhabitants and rural areas (in this context defined as all areas outside cities with at least 10,000 inhabitants) have an employment rate above 70%. Denmark also has high rates in general, one exception being the MECIBS participating city Nakskov, whose

employment rate is the lowest of all Danish cities. Alongside Norway and Denmark, internal variations are relatively small in Sweden. In contrast, Finland has a clear dividing line between the Helsinki region and the rest of the country. The 70% employment rate is reached only in and around Helsinki. The German BSR displays two distinct levels, with lower employment rates in the east and higher in the west. The highest rates in the west are concentrated in smaller cities around Hamburg.

More generally, the largest cities have high employment rates by national standards. This is partly due to a high degree of in-migration of people in their early careers and a diversified labour market, both facilitating a better 'match-up' between employer and employee. Many larger cities show a pattern typical of metropolitan city cores where employment rates are lower than many surrounding suburbs. Stockholm and Hamburg are prime examples, where some of the smaller cities around the core have substantially higher employment rates than the actual city centre, an indication of widespread commuting.

As with many other socio-economic aspects in the BSR, employment rates in the MECIBS participating cities (where data has been available) follow the general pattern of their respective countries. Kokkola and Lappeenranta in Finland and Nakskov in Denmark are the most obvious exceptions to this rule, while Jüterbog lies well below the German BSR average, although closer to the average of the eastern areas. As indicated by the map, high employment rates in eastern German BSR tend to be associated with proximity to the large labour market of Berlin.



MECIBS

Profiles of Medium Sized Cities is one of the reports of the Interreg IIIB project *Medium Sized Cities in Dialogue around the Baltic Sea (MECIBS)*.

Financing The partners and EU (Interreg IIIB, Baltic Sea Programme). Supplementary funding obtained from the Danish Ministry of Foreign Affairs (Baltic Sea Facility) and the Danish Organisation for International Co-operation.

Aim Within the overall objective to foster balanced spatial development by sustaining the development of medium sized cities the project aims at: (1) understanding urban restructuring based on comparative and concrete examples, (2) forming recommendations for the interplay between local and national strategies based upon a bottom up process, (3) forming recommendations within an integrated perspective on economic, environmental and social development and (4) forming a network of medium sized cities to facilitate exchange of experiences and mutual learning.

MECIBS partners GERMANY: Institute for Regional Development and Structural Planning; DENMARK: Municipalities of Randers and Nakskov; Chamber of Commerce and Industry Herning-Ikast-Brandeb; Danish Centre for Forest, Landscape and Planning, KVL (lead partner); Dep. of Marketing, Southern Denmark University; Dep. of Geography, University of Copenhagen; SWEDEN: Municipality of Nyköping; Dep. of Regional Planning, Royal Institute of Technology; FINLAND: Municipalities of Salo, Kokkola and Lappeenranta; Centre for Urban and Regional Studies, Helsinki University of Technology; NORDIC COUNTRIES: Nordic Centre for Spatial Development, Nordregio, Stockholm;

Associated partners GERMANY: Municipality of Jüterbog; SWEDEN: Municipality of Norrtälje; RUSSIA: Municipality of Vyborg Region, Municipalities of Kronstadt and Pskov; Leontief Centre, St. Petersburg; ESTONIA: Municipality of Sillamäe; Public Science Academy; LATVIA: Municipalities of Valka, Kuldiga and Bauska; Department of Geography, University of Latvia, Riga; POLAND: Municipality of Chojnice; University of Gdansk.

More information: www.MECIBS.dk



Medium Sized Cities in Dialogue
around the Baltic Sea

Medium Sized Cities in Dialogue around the Baltic Sea
Lead partner
Danish Centre for Forest, Landscape and Planning, KVL
Rolighedsvej 23, 1958 Frederiksberg C,
Denmark Tel: +45 3528 1834, e-mail: nbg@kvl.dk
ISBN 87-7903-221-4



Forest & Landscape



European Commission
Structural Funds